

New Mexico's Job Training Incentive Program JTIP

Supporting the New Mexico Economy
One Business at a Time

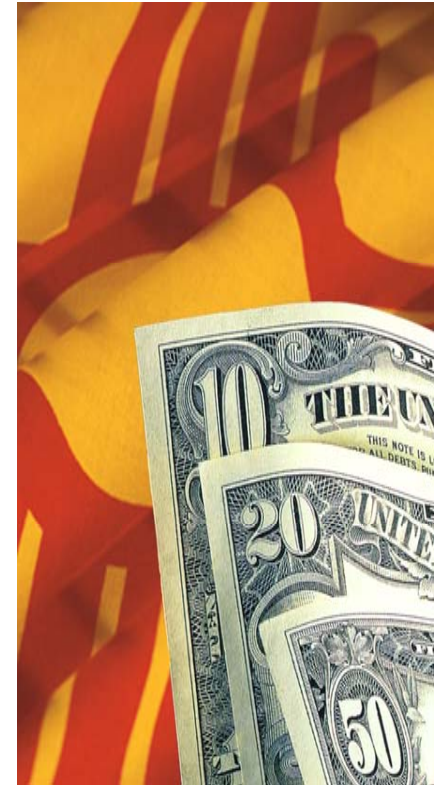


Presentation Overview

- Funding situation
- Review of program basics
 - Reimbursement
 - Eligibility
 - Program Administration
- What's new for JTIP 2010
 - Funding
 - Green Industries
- Step Up
- Obstacles

What is the funding situation?

- Although JTIP received a smaller allocation for FY10,
 - Unused monies from prior years carry over to current year.
 - Funds not used by companies are returned to JTIP.
 - Current requests so far have been more modest than expected.
- JTIP is still “open for business.”
- Current balance of \$3.8 million.



JTIP FY10

How does JTIP benefit companies?

- JTIP reimburses qualified companies for a portion of expenses associated with training new employees in newly created jobs
 - Wages
 - Customized training at New Mexico educational institution



JTIP FY10

Reimbursements

- Wage reimbursement
 - Ranges from 50% to 75%
 - Hours range from 160 to 1040
- Custom Training at Educational Institution
 - Up to \$2,000 per employee

What businesses are eligible?

- Businesses that meet each of these criteria
 - Qualifying business type
 - Expansion requirements



What business types qualify?

- Manufacturers.
- Non-retail business service providers with at least 50% revenue from customers served out of state.
- Businesses in certain “green industries.”



Qualifying Manufacturers

- Do you manufacture a product?
- NAICS Sectors 31-33
- Product export is not required
- Manufacturing vs. Agriculture
 - Logging is not eligible
 - Manufacturing wood floor boards or wood pellets are eligible
- Manufacturing vs. Extractive Industries
 - Crushed rock is not eligible
 - Manufacturing “stone” from cement is eligible



Qualifying Service Providers

- Do you provide a non-retail business service?
- Does at least 50% of your revenue come from providing service to customers out of state?
- If you contract with government agencies outside of NM, is this new revenue to the state (i.e., not due to existing LANL or SNL contracts)?

Qualifying Customer Support Centers

- Contract based call centers have specific wage requirements.
- Call center has to be located in a separate facility.
- Customer can not be present to receive same service at the facility.
- Only inbound calls.
 - Outbound, solicitation and/or telemarketing facilities are not eligible.



JTIP FY10

What are green industries?

- Those with the sole purpose of contributing directly to preserving or enhancing environmental quality by reducing waste and pollution or by producing sustainable products using sustainable processes and materials.



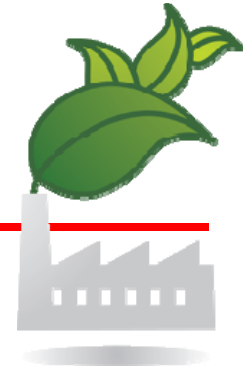
JTIP FY10

What are some examples of eligible green businesses?

- Energy system retrofits for conservation and efficiency.
- Biofuel production and distribution.
- Manufacture and production of sustainable technologies (solar panels, wind turbines, fuel cells).
- Solar technology installation.
- Water system retrofits to increase conservation and efficiency.



Green Industries



- Exist solely for business goal
 - Solar installation company vs. construction company which can install solar
- Still have to meet all other JTIP requirements
 - Full-time, year-round jobs
 - Jobs - created for the sole purpose of contributing to green industry

What types of businesses are not eligible?

Businesses which are not economic-based are not eligible. These include but are not limited to:

- Most agriculture*
- Most construction*
- Extractive Industries
- Gambling
- Health Care
- Hotels
- Retail
- Restaurants

* Some exceptions are made for “green” businesses.



JTIP FY10

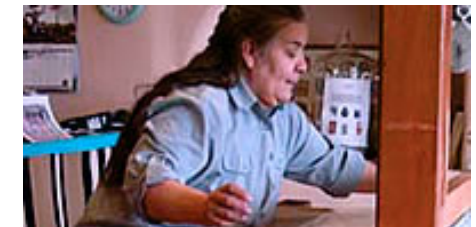
What are expanding businesses?

- Expanding businesses include:
 - Existing New Mexico companies which are at or above their 3-year employment average and adding new jobs.
 - Companies relocating to New Mexico.
 - Start ups which meet these criteria:
 - Producing a saleable product.
 - Beyond initial R & D or prototype phase.
 - Are able to show evidence of funding



What types of jobs qualify?

- Full-time, year-round, newly created jobs.
- Jobs which relate to the production of the product (manufacturers) or the delivery of the service (business service providers and distributors).



JTIP FY10


What are the requirements for trainees?

- New hires to the company.
- Resident of NM in New Mexico.
- Have lived in New Mexico for one continuous year at any time in their lives.
- Can not have dropped out of high school in the 3 months prior to being hired.



JTIP FY10

What is the reimbursement amount?

- Wage reimbursement can be up to 75%. Percentage is determined by company location.
 - Urban – 50%
 - Rural – 65% (10 miles outside city limits of ABQ, SF, RR, Roswell & Los Alamos)
 - Frontier – 70% (population < 15k & outside MSA)
 - Economically distressed – 75% (high unemployment rates or other economic issue)
- Number of hours of reimbursement depends on the job complexity and wage.

Training at NM Educational Institutions

- Customized training.
- Minimum of three JTIP participants.
- Handled through a separate contract.
- JTIP reimburses up to \$35/hour/trainee with a cap of \$1,000 per trainee.
- JTIP does not cover equipment purchase or rental.



JTIP FY10

How do companies receive JTIP funds?

- Submit a proposal to JTIP staff for new positions they plan to hire in six months.
- Appear before JTIP board for approval.
- Hire and train JTIP participants following board approval.
- Submit claims for reimbursement.

JTIP cannot fund employees hired before the board approves the position.



JTIP FY10

When does the JTIP board meet?

- The board generally meets the second Friday of every month.
- The third Friday of every month is the official alternate date.
- In most cases a company representative must attend the JTIP board meeting.




JTIP FY10

Contract

- One Year Contract
 - Six month hiring timeframe
 - Funds for positions not hired in six months will revert to JTIP program.
 - Six months to complete training
- Date of board approval is start date.
- Companies with extended hiring plan may have multiple contracts.



JTIP FY10



New Mexico
Job Training Incentive Program
JTIP

Step Up:

Training for Incumbent Workers

Step Up Objectives

- Help qualified companies in rural areas provide fundamental training in areas such as:
 - New technology integration
 - Production processes
 - Employee development
- Reimburse qualified companies for a portion of training costs associated with enhancing the job skills of existing workers.
- **Step Up is limited to rural areas.**



Allowable Activities

- The training may be provided through:
 - Public or private educational institutions in New Mexico
 - Private training organizations
 - A combination of training providers
- The training may be conducted at:
 - The business's facility
 - The training provider facility
 - A combination of sites



JTIP FY10

Reimbursable Training Expenses

- Step Up will reimburse companies for 50% of total eligible costs of the following activities:
 - Tuition/Registration Fees
 - Certification/Licensing Fees
 - Instructional Materials
 - Supplies
 - Instructor Fees
 - Travel Expenses
- Application must be reviewed by NMEDD staff and approved by JTIP board prior to training.



Company Eligibility

- Basic JTIP eligibility as a manufacturer or business service provider.
- Additional requirements
 - Have been in operation in New Mexico for at least one year prior to application date.
 - Demonstrate financial viability.
 - Be current on all state tax obligations.



JTIP FY10

Challenges

- Timing
 - Company hired employees already
 - Company applies for too many employees; hires before its really ready
 - Fear of paperwork.
- “We’re the government and we’re here to help.”
- Grey areas for eligibility (i.e., Film, agriculture, not truly expanding)
- Economy – companies not expanding; no financing, have recently laid off

Changes for FY10

- Changes for green economy
 - Exception to the out-state-revenue requirement for service based businesses
- No extra 5% for High Wage Jobs
- Reduced minimum reimbursement amount in case of budget crisis
 - Possibility of reducing high utilization areas to as low as ???%
- Removed funding for travel reimbursement

FY09 Results

- Jobs Funded: 1,369
- Average Wage: \$19.29
- Number of Projects: 44
- Obligation: \$11.6 M

- Rural
 - Jobs: 198
 - Projects: 6
 - Average Wage: \$10.05
 - Obligation: \$739K
- Urban
 - Jobs: 1,171
 - Projects: 38
 - Ave. Wage: \$20.85
 - Obligation: 10.9 M

FY10... year to date activity

- Jobs funded: 194
- Projects: 10
- Ave. Wage: \$21.52
- Obligated: \$2,119,435

Rural activity, so far:

- Pre-Check & NMSU-A in Alamogordo and Animas Environmental - Farmington

Rural Pipeline:

- Southwest Cheese – Clovis, LES – Eunice, CD
Enterprise – Gallup, EnvironX- Mountaineire

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