

Memorandum



TO: Economic Transformation, Stabilization & Workforce Development Advisory Commission

FROM: Wayne Johnston, Bureau Chief Business Assistance bureau

DATE: September 8, 2021

SUBJECT: The American Rescue Plan Act Workforce Training Grant Program

Overview:

The American Rescue Plan Act (ARPA) Workforce Training Grant Program provides grant funds to reimburse businesses for training of new and existing full-time workers. The business must be able to demonstrate an increase in revenue and/or production/manufacturing as result of the training process.

Background:

The existing primary sector workforce training grant program managed by the Department of Commerce began in 2003 with a focus on providing grants to primary sector businesses for training of new full-time and part-time jobs. Primary sector has been defined as a business with 50% of sales from outside of Montana or the business is a manufacturing company with 50% of its sales from companies that have 50% of their sales outside of Montana. This program has historically been oversubscribed and applicants have been turned away or received reduced awards due to lack of funding.

The Proposed ARPA WTG program would expand and streamline the existing program to allow businesses to receive funding for training of new and existing jobs. The Business would enter into a contract with the State and would be reimbursed based on actual eligible training costs. Businesses are required to provide \$1 for \$1 match. The wages of the trainee during the training can be used for match as long as other state agencies are not reimbursing on those same wages. New expenses directly associated with the employee such as new hardware, software, and equipment can also be used for match.

Allocation Request and Deadline:

The Department of Commerce is requesting up to \$10 million to fund the program through June 30, 2024. The ARPA WTG program would be structured similar to the existing WTG program and able to utilize the same software and application process allowing the Department of Commerce to implement the program as soon as funds are available.

Structure:

The business would submit the application to the Department of Commerce with the following minimum information:

- Application form
- Copy of the business' most current Profit & Loss statement and statement of current production if applicable. This statement will establish the base to determine if the performance metrics are being met.
- Business Plan
- 12 months training plan for both new and existing jobs
- Hiring plan, if proposing to train new jobs.
- Most current UI-5 report

Eligibility:

- The Department certifies that the recommended program is for an eligible use under ARPA and all applicable guidance.

To be potentially eligible for a grant, an applicant shall demonstrate:

- Montana based business.
- In good standing with the Montana Secretary of State or Tribal Government,
- Must not be on the federal or state debarment list.
- Business must demonstrate that employees being trained are making at least 170% of Montana minimum wage or \$14.88/hour.

Eligible Costs:

The grant award may only be used for direct costs associated with education or skills-based training for full-time employees. All necessary and incidental costs of providing workforce training and education directed to the jobs are eligible for a grant. This includes all direct training costs, such as:

- In-house or on-the-job training, which would be based on the instructor's wages;
- Subcontracted services with eligible training providers;
- Miscellaneous direct training costs (such as employee training-related travel); and
- Assessment and testing;

Eligible costs that are not direct costs attributable to specific employees (such as instructor costs for group training) must be pro-rated and allocated to each eligible employee receiving training for which reimbursement is requested.

Maximum Award amount per business \$210,000. (70 employees X \$3,000 = \$210,000)

Once an award is made, the business can allocate the funds as needed for the individual jobs.

Additionally, training of a specific job could not exceed 25% of the total allocation. For awards less than \$15,000, the maximum training grant would be \$3,000 per job.

Incentives will be provided for businesses that train employees in target high demand sectors and businesses that train employees earning \$24 an hour or higher.

Application and Verification:

The business would submit the application to the Department of Commerce with the following minimum information:

- Application form
- Copy of the business' most current Profit & Loss statement and statement of current production if applicable. This statement will establish the base to determine if the performance metrics are being met.
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Equity:

The proposed program would be open to all businesses located in the State of Montana. Additional marketing and promotion would be conducted in disproportionately impacted communities as well as direct marketing to businesses located in those communities. By offsetting the cost of training for businesses they will have the ability to expand and grow at an accelerated rate. Businesses will be able apply specific training to meet the needs of the company while increasing the skill level of all employees.

Performance Metrics:

The proposed training should lead to an increase in production and/or revenue to the business. If an award is made, the business will need to provide reports on the how the program was able to assist with increase production and/or revenue. By requiring a current profit and loss statement or production/manufacturing status statement at the time of application the Department will be able to measure business growth during the contract period. Jobs created and skills training would also be mapped.

Recommendation:

Allocate \$10 million to the Department of Commerce to implement and manage the American Rescue Plan Act Workforce Training Grant Program.

This is a final copy of the memo.