



SKILLED TRADES TRAINING FUND

Overview Fiscal Year 2015

Background

While Michigan's economy continues to gain momentum, there is still a challenge for companies to find talent with the skills they need. To address this issue, the Governor recommended and the Legislature supported the creation of the Skilled Trades Training Fund (STTF) in 2013. In its second year, the STTF will continue to focus on assisting companies in meeting their talent challenges.

The STTF provides competitive awards for employer responsive-training that enhances talent, productivity, and employment retention, while increasing the quality and competitiveness of Michigan's businesses. The STTF ensures Michigan's employers have access to the talent they need to compete and grow, and individuals have the skills they need for in-demand jobs. Collaboration between the Michigan Works! Agencies (MWAs), economic development, and educational partners are essential to achieve demand-driven training that addresses talent shortages hampering the growth of Michigan's priority industries.

Key STTF Partners

Any of the following partners have the ability to identify eligible businesses that have a documented need for recruitment and/or development of talent. However, final project approval lies with the Michigan Strategic Fund (MSF)/Workforce Development Agency (WDA).

- WDA (Project Lead)
- Michigan Economic Development Corporation (MEDC)
- MWAs
- Local Economic Developers
- Michigan Community Colleges and other allowable training providers

Strategy

The STTF is designed to create public-private partnerships with businesses to design training models that adapt in real time with changing employer demand. Businesses who request funding must actively participate in the development of the training and must commit to hiring and/or retaining individuals at the completion of training. New jobs created as a result of training, should be filled by individuals recruited with assistance of the local MWA.

The STTF is not to offset current tuition reimbursement programs.

Eligible Businesses

Any private or non-profit business is eligible to apply; governmental agencies and institutions are ineligible to apply. Funds may be requested for a specific business(es) with a demonstrated talent need. Demand is documented by the MWA to determine whether or not the skill sets needed are available in the current labor pool. Staffing/temporary/leasing agencies applications are reviewed on a case-by-case basis.

Eligible businesses must demonstrate a need for training that will allow the business to compete, expand, and positively contribute to the local and state economy. Businesses must have a Michigan presence, be in compliance with all federal and state tax obligations, including but not limited to corporate, sales, use, withholding, personal income, and unemployment insurance taxes, and willing to participate under the project's eligibility parameters and guidelines.

Businesses that have multiple locations in the State have two options:

- Businesses may submit one application that covers multiple locations; or
- Each location may apply independently.

Funding is driven by most in need and total funding is not guaranteed.

Eligible Trainees

Any Michigan resident, 18-years of age or older, may participate in the STTF. Trainees, both existing employee(s) and individuals to be hired must be permanent full-time employees of the business(es).

Allowable Training Providers

Michigan community colleges and other training providers identified by, and agreed upon by all partners, who are able to do accelerated "just-in-time" training.

Additional examples:

- Proprietary schools as licensed in the State of Michigan
- Businesses, only if their resources or equipment is [exclusive](#) and training is not available elsewhere; supporting rationale must be in the application
- Vendors providing training in operation of equipment or systems for which they were the provider

Any proprietary institution providing training must comply with Public Act (PA) 148 of 1943.

A MWA may not be a training provider under the STTF.

Allowable Training

Training programs funded by the STTF must fill a demonstrated talent need experienced by an eligible participating business. The training should lead to a credential for a skill that is transferable, lead to permanent full-time employment, or continued permanent full-time employment. (The individual must obtain a credential or skill that will allow them to gain or retain employment, examples could be a certificate in welding or [on-site training](#) on a specific job, such as robotic technician.) Distance learning is allowable, if the training cannot be obtained locally or within a reasonable travel time.

Examples of allowable training include:

- Classroom
 - Conducted by a third party, unless exclusive in nature
 - Lead to recognizable credential
 - May take place at training provider, onsite at company, or online (if approved)
 - May be for existing employee(s) or individual(s) to be hired after the STTF application is approved
- On-site training and wage reimbursement for individual(s) to be hired
 - Training for the individual(s) to obtain skills to become proficient in the new job
 - Individual(s) must be hired after the STTF application is approved and before training begins
 - If individuals being hired have worked for the company through a temporary staffing agency the individual must be increasing their job responsibilities or learning a new job
 - It is not the intent of STTF to reimburse a business to train someone on a job that they have been doing
- Apprenticeships– for [new apprentices](#) only
 - U.S. Department of Labor (USDOL)/Veterans Administration (VA) Registered Apprenticeships
 - Apprentices may be a new employee or an existing employee, new to the position

The STTF can only support the initiation of new apprentices. With the short-term training limitation of the STTF, the multiple years of training it can take to achieve the Journeyman status cannot be subsidized. Additionally, apprenticeship training must be a combination of classroom training and on-site work experience, the STTF will not cover 100% of on-site work experience. The STTF is not intended to supplement current tuition reimbursement programs.

Examples of prohibited training include:

- In-house training that is not exclusive in nature for current employees
- Adult Education
- Literacy
- English as a Second Language
- Leadership
- [Soft skills](#)

- Resources are available at no cost <http://www.mitalent.org/elearning-soft-skills-program/>
- On-site training and wage reimbursement for existing employees
- Consulting to improve company processes, training must lead to a skill/credential for the individual

Cost of Training

- Classroom - not to exceed \$1,500 per trainee
- [On-site training](#) and wage reimbursement for individuals to be hired – not to exceed \$1,500 per trainee
- Registered Apprenticeships for [new apprentices](#) only – not to exceed \$3,000 per trainee

The actual approved amount for allowable training activities will be determined on a case-by-case basis.

Training Duration

Funding will be utilized to provide short-term training to meet current, documented needs of businesses, typically three months or less. Training should be expedited as soon as possible after the grant has been awarded, four to six weeks is preferred. The exception to training duration and training start date are new Registered Apprenticeships.

Allowable Expenditures

Allowable training expenditures include the actual costs for classroom, on-site training and wage reimbursement for individuals to be hired, and apprenticeship training. Along with any other reasonable cost required for the successful completion of training.

The following are prohibited expenditures; however, they can be included in the company contribution:

- Purchase of tools or other equipment
 - Including laptops/computers
- Licensing fees
- Testing fees
- Curriculum development
- Travel costs to send trainee(s) to training

The STTF cannot reimburse for training that has occurred prior to the application and training plan being approved.

Origination

Once a potential business is identified by any of the program partners, the MWA (lead), referring partner and any other identified partners, conduct an on-site fact finding evaluation session with the business(es) to document the talent and requisite fiscal need. MWAs lead the fact finding session in order to identify all applicable federal or state funds that are, or could be, used to support the training. STTF must be coordinated with other funding sources to meet the demand. The MWA will identify all available funding sources that can be packaged to meet the project outcomes.

Businesses play an integral role in defining specific skill sets by job and identifying the appropriate training or combination of training. Once documented, the partners work with the business(es) to develop the necessary training plan, identify and document the number of individuals to be trained, and identify all available funding and resources to be used. A summary of the project and all required proposal components will be provided to the MSF/WDA for approval using the STTF Application and STTF Training Plan. Once approved, a contract/training agreement is executed between the MWA and the business and/or training institution.

To be considered for a STTF award, the business must:

- Be actively involved in the planning and design of the training project;
- Pay wages to the employees, who successfully complete training, that are equal to or greater than, the current labor market occupational wage for the applicable job title;
- Sign a contract/training agreement outlining the employer's role and responsibilities in the training project, including reporting outcomes to the MWA related to trainee participation and impact/highlights stories (impact stories must be collected and submitted to the WDA upon completion of training);
- Commit to hire or retain employees at the successful completion of training;
- Provide proof of employee retention in the form of a payroll register dated at the six-month retention time period. The register, which shall only include the names or identifying characteristic of those employees participating in the STTF, date of hire, term date (if applicable) and hourly wage data. Information for employees not participating in the STTF should be redacted from the register; and
- Use www.mitalent.org and Michigan Works! to recruit for job openings.

Application

Michigan Works! is responsible for submitting applications on behalf of all local partners to ensure all available funding (federal, state, private) is identified and utilized in a strategic, braided manner. Partners and/or companies are to contact their local MWA Business Solutions Professional (BSP); see the map of BSPs (located at www.michigan.gov/wda) with their contact information. The BSP conducts an on-site fact finding evaluation session with the company and other partners, to document the talent and requisite fiscal need. The MWA is the lead in the meeting, as they will ultimately be submitting the application. A business may choose to work with an MWA that is not in their local area due to their proximity or if the local MWA does not provide the services needed. In such cases, the sponsoring, or applying, MWA must notify the local MWA of the application and provide a copy of this notification to WDA with the application.

Collaborative or cluster applications with multiple businesses that reduce training costs are encouraged. Businesses can be from across the state, they are not limited to the local area. However, support documentation from the local MWA must be included in the application, an e-mail will suffice. An application must be completed for each company.

There is not a minimum, or maximum, number of individuals to be trained, or dollar amount for applications, but there is a cap, or limit, per trainee (see the [Allowable Training](#) section).

Funding Awards

The MSF/WDA approval of funding awards will be determined on a case-by-case basis, factoring the following weighted criteria:

Scoring Criteria	Weight
Rationale – The business case	30 points
Amount of employer leveraged funds	15 points
Amount of MWA leveraged funds – not to include in-kind	15 points
Planned cost per trainee	10 points
Training start date	10 points
Training is short-term in duration, apprenticeship is an exception	10 points
Company employs less than 50 people	5 points
Amount of other partners leveraged funds	5 points
Training results in a credential, new skill, or new job	5 points
The company did not receive an STTF in FY14	5 points
New apprenticeship training	5 points
Total	115 points

The MSF/WDA awards funding to the MWA. The MWA administers project funding to the employer and/or the training institution, once the project outcomes have been met and documented.

The MWA receives five percent of an award for administrative costs, which includes leading the fact finding session, the identification of other allowable funding sources, wrap-around services, the tracking and reporting of project outcomes, and follow-up activities. Administrative costs are computed and paid on each payment.

Anticipated Outcomes

Specific trainee goals:

- Jobs Created–1,500
- Jobs Retained–3,500
- Training Completion Rate–75%
- Employment Retention Rate at Six Months–70%
- Average Hourly Wage at Six Months–\$13.95

To ensure the goals are met there will be funds set aside that are dedicated for job creation.

Definitions

Existing Employee: An individual that is currently on the business(es) payroll.

New Apprentice: An individual who is not currently in a Registered Apprenticeship program.

NAICS Code: The North American Industry Classification System. NAICS was developed jointly by the United States, Canada and Mexico to provide comparability in statistics about business activity across North America. You can access NAICS codes at: <http://www.census.gov/eos/www/naics/>

On-site training and wage reimbursement for individual(s) to be hired: Training for an individual(s) that is not currently on the business(es) payroll, allows the individual(s) to become proficient in the job for which they were hired. Training is conducted at the worksite; employers must commit to retain the employee at the end of a successful training period.

On-site training and wage reimbursement: Training provided to eligible trainees in an agreement (may use current locally developed forms) with the MWA and the employer.

Exclusive Training: Training which is owned and controlled by the business and/or third-party training provider and is subject to laws, such as copyrights, patents, or trademarks. The control of the training curriculum usually is retained by the business or third-party training provider. It may be training on resources or equipment that is exclusive to a single business process. A business that wants to use its own training curricula in a STTF project must demonstrate a lack of capacity, or inability, to meet its own demand. An application must also explain why the business' infrastructure cannot support its training needs without the assistance of a STTF grant.

Soft Skills: Desirable qualities for certain forms of employment.

Skilled Trade: Occupations found in the [*Employment and Occupations in the Skilled Trade in Michigan Report, issued June 2013*](#) by the State of Michigan's Department of Technology, Management, and Budget, Bureau of Labor Market Information and Strategic Initiatives. Occupations for STTF awards are NOT limited to this report. STTF awards may be made for any documented need that assists a business to expand and grow.

Training Start Date: First day trainees are to attend training.

Training End Date: Last day trainees are to attend training.

Examples of Desired Training Projects

Expansion Project

"Company A" has developed an innovative water treatment system that will set the standard as the premier world leader in converting waste water and solids into potable water and other useful products benefiting the entire planet. To implement the new system "Company A" needs a workforce with the appropriate skill sets and certifications. This project is estimated to create 200 - 300 new jobs.

The local MWA, with economic and workforce development partners, conducts a fact finding session at “Company A.” At the session, “Company A” works directly with the MWA to identify job titles, applicable skill sets, and appropriate training to meet the demand. The MWA puts together a regional workforce development strategy to meet the employer demand. The strategy includes the following:

- Talent Recruitment and Attraction
- Candidate Pre-screening
- Hiring Incentives
- Training Support, including Current Employee(s) Training
- Networks and Community Resources

Utilizing all available workforce funding, tax incentives, and services available through the participating partners, in a “braided” approach, the project is implemented. STTFs are leveraged to meet project outcomes that cannot be funded by other identified sources.

Lay-off Aversion Project

“Company B” has faced multiple years with limited to no growth. Due to outdated skill sets of their workforce they are unable to bid on projects or diversify their product line, and are at risk of downsizing.

The local MWA, with economic and workforce development partners, conducts a fact finding session at “Company B.” At the session, “Company B” works directly with the MWA to identify job titles, applicable skill sets, and appropriate training to meet the current demand and to allow the company to diversify their product line(s). The MWA puts together a regional workforce development strategy that includes the use of MWA Workforce Investment Act (WIA) Incumbent Worker Training (IWT) funds to meet the employer demand. The strategy includes the following:

- WIA IWT Classroom Training
- STTF used for non-WIA training
- Networks and Community Resources

By participating in the STTF, existing staff learn new skills that allow “Company B” to bid and win new projects. The company retains their existing workforce and adds new employees provided by the MWA.