



## **BACKGROUNDER**

### **Job Training Incentive Program (JTIP)**

#### **What is JTIP?**

The Job Training Incentive Program is a highly flexible state program that provides reimbursement of on-the-job training expenses for eligible employees of qualified companies. Customized training may be provided by New Mexico post-secondary educational institutions, company trainers, or outside trainers.

#### **How does JTIP benefit New Mexico?**

- JTIP strengthens New Mexico's economy by providing financial incentives to companies that create new economic base jobs in the state.
- Training funded by JTIP elevates the skill level of New Mexicans, making them more valuable employees and increasing their earning potential.

#### **What does JTIP provide to qualifying employers?**

- Reimbursement up to 50 percent of a trainee's wages up to 1,040 hours for companies located in urban areas, and up to 65 percent of a trainee's wages for up to 1,040 hours for companies located in rural areas.
  1. Companies may receive an additional wage reimbursement of 5 percent for an eligible high-wage job.
  2. Companies may receive an additional 5 percent wage reimbursement for one of the two following conditions:
    - Trainee has graduated within the past 12 months from a post-secondary training or academic program at a New Mexico institution of higher education.
    - Trainee is a U.S. veteran.
- Classroom training costs provided by New Mexico post-secondary educational institutions, (\$35 per hour for instructors' time capped at \$1,000 per employee).

#### **Who qualifies for JTIP funding?**

- Must be a new or expanding company in New Mexico that manufactures/produces a product or a non-retail service company that generates more than 50 percent of its revenue from a customer base outside the state. Two categories of companies are eligible to be considered for JTIP funds:
  1. Manufacturing businesses are typically included in Sectors 31-33 of the North American Industry Classification System (NAICS). Other types of companies that may be eligible under the manufacturing category include:

- Manufacturers that perform research and development and engineering functions for their own products in New Mexico, but manufacture the products elsewhere.
  - Start-ups and early stage manufacturing companies may be eligible. The company must be adequately capitalized to reach first production and/or able to deliver service per criteria and procedures as set forth by and at the discretion of the JTIP board.
  - Renewable power generators.
  - Film post-production and film digital production companies (such as animation and video game production companies) qualify under manufacturing.
  - Non-traditional agricultural entities may be eligible under the manufacturing category provided that the operation is a year-round, value-added production facility in a controlled and enclosed environment. Such operations may have mechanized processes, require a specialized workforce or may be involved with research and development or technology transfer.
2. Non-retail service businesses provide a specialized service that may be sold to another business and used by the business to develop products or deliver services. Eligible non-retail service businesses must demonstrate that at least 50 percent of their revenues come from a customer base outside New Mexico. Businesses that may be eligible as non-retail service providers include:
- Companies that exist for the sole purpose of producing, installing, or integrating environmentally sustainable products (green industries) may qualify and are not required to generate out-of-state revenues.
  - Logistics companies that provide inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply and demand planning, third-party logistics management, execution of the movement of goods and information from point of origin to point of consumption for the purpose of conforming to customer requirements. Distribution and transloading services are included in this category.
  - Aviation Maintenance, Repair and Overhaul (MRO) operations. A contracted third-party or the owner of the aircraft may bring the aircraft to New Mexico for service.

Business operations that do not generate gross receipts within New Mexico may be eligible if at least 50 percent of the customer base is outside of New Mexico and service is provided to customers who are not physically present at the New Mexico facility. Businesses that may be eligible under this category may include:

- Corporate, international, national, regional and divisional headquarters located in New Mexico may qualify provided at least 50 percent of the company's revenues are derived from operations outside of New Mexico. Eligible positions may include administrative, planning, managerial, human resources, purchasing, IT and accounting, but not including operating a call

- center.
- Shared Services Centers responsible for the execution and handling of specific operational tasks, such as accounting, human resources, payroll, IT, legal, compliance, and purchasing for a regional or national division.
- Customer Support Centers that have a facility separate from other business operations (for example, a retail store). Outbound sales, solicitation, collections, or telemarketing are not eligible for JTIP funds, unless they are in response to inbound requests and existing clients, or business-to-business.
- Contract-based customer support centers must meet special requirements:
  - Evidence of a minimum five-year lease or purchase of a facility.
  - Must offer employees and their dependents health insurance coverage and pay at least 50 percent of the employee's (not dependent's) health insurance premium.
  - Eligibility as an expanding company is determined by peak employment over the four prior years.

#### **What conditions must exist?**

- Jobs must be full-time and year-round (minimum of 32 hours per week).
- Trainees must have been residents of the state of New Mexico for at least one year at any time prior to employment.
- High-wage positions filled by trainees who do not meet the one-year residency requirement are reimbursed at a reduced rate (urban at 30 percent, rural at 40 percent, and frontier at 50 percent).
- Maximum wage reimbursement is tied to hours required to learn the job and the hourly wage.
- "Hands-on" or production jobs qualify; technical jobs such as first-line supervisors and engineering generally qualify; support, administrative and sales positions are limited to 20 percent of the total number of positions that qualify for funding. E-training does not qualify for assistance.
- Companies can apply for subsequent assistance if they have maintained hiring levels that exceed the peak employment as established by the initial application.
- In urban areas, companies hiring more than 20 people must offer health insurance and pay at least 50 percent of the premium for employees who elect coverage.
- Temporary-to-permanent employees qualify provided trainees becomes full-time employees of the company prior to the end of the JTIP contract period, and trainees working through a temporary agency receive comparable medical, dental and vision benefits as full-time employees of the company.
- Positions must be filled within six months of JTIP application approval.
- Reimbursement is subject to availability of funds and approval by the JTIP board.