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# Job Training Incentive Program and Automation Training Incentive Program

Program Results and Overview

2/13/2024

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# Introduction

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In accordance with Minn. Statute 116L.42 Subd. 2, the Commissioner of the Department of Employment and Economic Development is required to provide a report on the Job Training Incentive and Automation Training Incentive programs to the governor and the legislature by February 1, 2024. At a minimum, the report must include the amount of grants issued under the program; the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities; the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities; an analysis of the effectiveness of the grant in encouraging employment or investments in automation technology; and any other information the commissioner determines appropriate.

## Background

The Job Training Incentive Program (JTIP) was created by the 2015 Legislature, while the Automation Training Incentive Program (ATIP) was added by the 2021 Legislature. The programs are authorized, under sections 116L.40 to 116L.42.

The JTIP program provides grants of up to \$200,000 to new or expanding businesses located outside of the metropolitan area for the purpose of training workers in new jobs as quickly and efficiently as possible.

The ATIP program provides grants of up to \$35,000 to small businesses (150 or fewer employees) located outside of the metropolitan area that have recently invested in new automation technology or equipment for the purpose of training their workers on the new automation technology.

Both programs require that employees receiving training through the project must be paid wages of at least 120% of the federal poverty guidelines for a family of four, plus benefits.

Grants are awarded by the Commissioner of the Department of Employment and Economic Development on a first-come, first-served basis. Program funds may be used for all necessary and incidental costs of providing training and education specifically directed to new or existing jobs including in-house training; services provided by institutions of higher education; federal, state, or local agencies; or private training or education services.

## Program Funding

The JTIP and ATIP programs have received an appropriation of \$1,350,000 per year for fiscal years 2022-2025. Previously, the JTIP program received an appropriation of \$900,000 per year for fiscal years 2016 and 2017; and \$1,350,000 per year for fiscal years 2018-2021.

# Program Data

## Grants Awarded

Since the inception of the programs, 52 JTIP grants have been awarded totaling \$5,628,209 and 19 ATIP grants totaling \$433,722.

## JTIP Job Creation and Trainee Data

Of the 52 JTIP projects that have been awarded, 49 have been completed, and three are currently in progress. Of the projects that have been completed, 851 new jobs were created out of a planned 1,147; 821 individuals received training; and 657 new workers received training that was eligible for reimbursement through JTIP funds. Twelve projects did not receive any reimbursements from the grant program. Of those 12, eight businesses indicated they did not end up adding jobs due to a downturn in business (three related to COVID), two businesses added jobs that did not meet the wage requirements, one did not report or respond to correspondence from staff, and one business was sold to another business which closed the grant and reapplied.

### Program Data for Completed JTIP Projects

State Fiscal Year	Number Grants Awarded	Grant Funding Awarded	Grant Funds Expended	Planned New Jobs	New Jobs Created	Number Trained	Wtd. Avg. Wage	BIPOC Trainees	Trainees with a Disability
2016	7	\$551,000	\$328,551	118	57	54	\$20.36	3	1
2017	12	\$618,333	\$440,021	223	180	257	\$17.58	26	1
2018	10	\$1,328,961	\$568,553	272	145	174	\$21.33	10	0
2019	3	\$344,059	\$75,000	95	12	12	\$22.61	2	0
2020	5	\$548,964	\$302,647	89	43	48	\$22.74	2	0
2021	2	\$281,000	\$281,000	57	56	58	\$25.88	5	0
2022	8	\$1,127,892	\$925,385	233	314	174	\$25.01	33	3
2023	2	\$348,000	\$200,000	69	44	44	\$24.43	6	0
<b>Total</b>	<b>49</b>	<b>\$5,148,209</b>	<b>\$3,121,157</b>	<b>1,147</b>	<b>851</b>	<b>821</b>	<b>\$21.90</b>	<b>87</b>	<b>5</b>

Differences between the number of jobs created, the number trained, and the number trained for which training costs were eligible for reimbursement were due to the following:

- Three projects had a total of 103 layoffs that occurred after training was provided (one large company had 82 layoffs in one division which offset the 98 new jobs they created in the project area, resulting in a net increase of 16 new jobs for which training costs were eligible for reimbursement).
- A total of 23 people that were trained in new jobs, were not retained until the end of the project and therefore were not counted as new jobs created or eligible for reimbursement.
- A total of fourteen workers hired in new jobs were trained outside of the grant period and therefore weren't eligible for reimbursement.
- In one project, three of the new jobs created were filled internally and did not require training.
- In one project, two of the new jobs created were for positions not included in the project.
- One business added 137 more new jobs than planned but only reported trainee demographic and wage information on the 33 new jobs for which reimbursement was being sought.
- A total of 32 new jobs did not meet wage requirements for reimbursement of training costs.
- Two projects added a total of six new jobs but did not seek reimbursement for training costs.

#### Program Data for Active JTIP Projects

State Fiscal Year	Number Grants Awarded	Grant Funding Awarded	Grant Funds Expended	Planned New Jobs	New Jobs Created	Number Trained	Planned BIPOC Trainees	Planned Trainees with a Disability
2023	1	\$81,000	NA	9	NA	NA	NA	NA
2024	2	\$399,000	NA	56	NA	NA	NA	NA
<b>Total</b>	<b>3</b>	<b>\$480,000</b>	<b>NA</b>	<b>65</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

## ATIP Trainee Data

Of the 17 ATIP projects that have been awarded, 11 have been completed, and 6 are currently in progress. Of the projects that have been completed, 58 out of a planned 74 workers have been trained.

#### Program Data for Completed ATIP Projects

State Fiscal Year	Number Grants Awarded	Grant Funding Awarded	Grant Funds Expended	Planned Number Trainees	Actual Number Trainees	Wtd. Avg. Wage	BIPOC Trainees	Trainees with a Disability
2022	5	\$118,105	\$90,597	32	29	\$33.21	0	0
2023	6	\$118,502	\$97,841	42	29	\$29.22	1	1

State Fiscal Year	Number Grants Awarded	Grant Funding Awarded	Grant Funds Expended	Planned Number Trainees	Actual Number Trainees	Wtd. Avg. Wage	BIPOC Trainees	Trainees with a Disability
Total	11	\$236,607	\$188,438	74	58	\$31.22	1	1

**Program Data for Active ATIP Projects**

State Fiscal Year	Number Grants Awarded	Grant Funding Awarded	Grant Funds Expended	Planned Number Trainees	Actual Number Trainees	Wtd. Avg. Wage	Planned BIPOC Trainees	Planned Trainees with a Disability
2024	8	\$197,115	NA	72	NA	\$33.20	8	2

## Analysis of Program Effectiveness

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### JTIP Program Effectiveness

The program appears to be effective both in providing additional support to large employers who are considering locating or expanding in Greater Minnesota and in assisting small businesses that need financial assistance to grow and expand. Of the 52 projects that were funded, 29 were to assist businesses with less than 50 employees. All businesses reporting (37<sup>1</sup>) indicated that the program was effective in helping them achieve their expansion goals. Many businesses (9) indicated that the additional training funds provided through the grant helped them address labor shortages by allowing them to hire and provide more extensive training for less experienced workers. Other common feedback included that the program encouraged the business to develop more structured and formalized training programs (9), and that the program allowed them to add more jobs than they otherwise would have (7). One business indicated that as a result of the program, they were able to hire people at higher starting wages.

In conclusion, there is evidence that the program is having an impact both in the decision to add new jobs and in the number of new jobs some businesses are able to add. Furthermore, the program is creating an opportunity for businesses to hire lower skilled workers and provide a higher level of training benefitting both the business and the workers.

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<sup>1</sup> Of the 49 projects completed, 37 businesses submitted a final report. Twelve businesses that were awarded grants did not end up adding new jobs or were not eligible for reimbursement of training costs and therefore did not submit a final report.

## ATIP Program Effectiveness

The program appears to be effective in encouraging small businesses to invest in new automation technology. For the 11 projects that have been completed, nine of the businesses indicated that the program influenced their decision or ability to invest in new automation technology. Overall, businesses reported that the new automation technology, combined with training provided through the grant, resulted in increased productivity, quality, and efficiency; reduced costs and turnover; the ability to more quickly and fully utilize their new automation technology; new production capabilities resulting in the addition of new jobs; and the ability to upskill their workers and provide promotions and/or wage increases.

Number of Completed Projects:	11
Number of businesses indicating new jobs were added as a result of automation:	6
Number of businesses indicating lay-offs occurred as a result of automation:	0
Number of businesses indicating training resulted in promotions:	5
Number of businesses indicating training resulted in wage increases:	5
Number of businesses indicating that training resulted in the retention of jobs at risk:	1
Number of businesses indicating that training resulted in certifications:	4

In conclusion, there is evidence that the program is effective in encouraging small businesses to invest in new automation technology and in assisting in its successful implementation through training. There is also evidence that the investments in and successful implementation of new automation technology are helping small businesses remain competitive and are leading to the addition of new jobs and higher wages.