



OLR RESEARCH REPORT

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INCUMBENT WORKER TRAINING PROGRAMS IN CONNECTICUT AND NEIGHBORING STATES

By: Lee Hansen, Legislative Analyst

You asked for a description of incumbent worker training programs in Connecticut and its neighboring states

SUMMARY

Incumbent worker training programs generally provide financial assistance for employers to train their existing employees in the hope that an employer will not have to layoff employees and, if an employee is laid off, he or she will have the skills and qualifications to quickly find a new job. Connecticut and its neighboring states have taken a variety of approaches to such programs, although only Massachusetts, which has an employer funded Workforce Training Fund, currently has an ongoing state-wide incumbent worker training program in place. Connecticut, Rhode Island, and New York are currently focusing on providing employers with financial assistance to train new workers.

CONNECTICUT

Last year, the state's Department of Labor (DOL) and local Workforce Investment Boards administered an Early Warning Demonstration Program for layoff aversion through incumbent worker training. Funded by a grant from the U.S. Department of Labor, the program made approximately \$1.3 million available for qualifying employers to provide training to their existing employees. DOL stopped taking applications for the program in November 2011 after reaching its funding cap.

To qualify for a grant under the program, an employer had to

1. be engaged in manufacturing in the state;
2. have an in-state workforce of less than 1,000 employees;
3. be experiencing critical workforce training needs that could not be met without additional financial assistance;
4. have workers who risked being laid off if they did not receive such training; and
5. be current on their state taxes, with no outstanding wage and workplace violations.

Qualified employers could receive grants to pay for their employees' eligible training costs (e.g. tuition, fees, books etc). Total reimbursable training costs could not exceed \$6,000 per participating employee and the training had to be job specific with employees earning credentials or certificates upon completion.

The program required employers to pay a portion of the total training expenses, depending on the employer's size. An employer's contribution ranged on a sliding scale from at least 10% for an employer with 25 or fewer employees, up to at least 50% for employers with over 100 employees. The employer could count non-eligible training costs, such as the employee's wages and travel expenses, toward meeting the required contribution.

Although it is no longer accepting applications for the incumbent worker training program, DOL currently offers employers federally funded [on-the-job training grants](#) to help train new employees and has recently begun administering the [STEP UP program](#), which provides state-funded grants and subsidies for the costs of training new employees.

MASSACHUSETTS

In 1998, Massachusetts created its Workforce Training Fund, funded entirely by the state's employers through an additional charge on their unemployment insurance tax liabilities. Overseen by the state's Executive Office of Labor and Workforce Development, the fund provides training grants to employers, employer organizations, or training providers to train current or newly hired workers.

All employers that are in compliance with applicable business taxes are eligible for grants from the fund. Grants are competitively awarded to projects that will (1) result in job retention, job growth, or increased wages; (2) increase an employer's productivity, competitiveness, and ability to do business in the state; and (3) include significant private investment in training during the grant and after it has expired. All applicants must prove that their proposed training would probably not occur without a grant. The fund gives priority to projects that focus on employee skills attainment and achievement of measurable and transferrable skills. An employer or organization that receives a grant must wait two years after the grant's expiration before applying for another one.

The training grants, which can range up to \$250,000, must be used for certain allowable training costs, such as training providers, tuition, and supplies and equipment used for the training. Grant amounts must be matched by the employer, dollar-for-dollar, but the employer's contribution can include costs such as paying the employee's salary during training. The fund also offers technical assistance grants of up to \$25,000 for employers to determine their training needs and develop training plans.

RHODE ISLAND

Similar to Massachusetts, Rhode Island employers also pay an additional employer's tax to support the state's Job Development Fund. Overseen by the Governor's Workforce Board, the fund has been used for a variety of workforce development initiatives, including incumbent worker training grants.

According to the board's report on the 2011 fiscal year, it awarded \$937,000 in Comprehensive Worker Training grants to 43 companies that trained over 3,100 incumbent workers. The grants ranged from \$1,000 to \$50,000 and companies had to match the amount of any grants they received (the grants were provided as reimbursements for 50% of allowable training expenses). Any employer who paid into the Job Development Fund could apply, however employers in certain industries such as manufacturing, finance and insurance, and wholesale trade received preference. Applicants had to identify their workforce challenges and how the proposed training would improve their productivity, competitiveness, and continuous improvement efforts.

To date, Rhode Island has not issued a request for proposals for any 2012 Comprehensive Worker Training grants. Instead, the board's current employee training incentives focus on the hiring and training of new employees in entry level positions.

NEW YORK

New York does not currently have a state-wide incumbent worker training program, although in the past it has run programs to train incumbent workers with federal funding. Like Connecticut, these programs were funded by federal funds provided under the Workforce Investment Act (WIA) and American Recovery and Reinvestment Act (ARRA).

New York's current state-wide worker training program reimburses employers for 50-90% of the training-related expenses for newly hired employees who had been unemployed for over 26 weeks and enrolled in a WIA Dislocated Worker Program.

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