

Minnesota Department of Employment & Economic Development

Automation Training Incentive Pilot Program Guide

7-31-2019

Table of Contents

Background Information.....	1
Program Guidelines	1
Business Eligibility	1
Program Requirements.....	2
Other Considerations.....	2
Eligible Training.....	2
Ineligible Training.....	3
Funding Availability/Maximum Award Amount	Error! Bookmark not defined.
Use of Funds.....	3
Application Guidelines	4
Application Timelines.....	4
Application and Award Process	4
Review Criteria	5
Reporting Requirements.....	5
Definitions.....	5
Resources/Contact Information	7
Application Instructions.....	8

Background Information

As a result of growing trends of workforce talent shortages, combined with an increasing pace of retirement of existing skilled workers, businesses are by necessity, automating more and more processes to maintain continuity and competitiveness, increase efficiency, increase productivity and address greater flexibility and complexity in market demands.

In recognition of this changing landscape and rapid adoption of innovative automation technology, a need for upskilling and training of incumbent workers, especially in Minnesota's small businesses, the Department of Employment and Economic Development (DEED) is creating this pilot program to address this critical area of employment need for existing businesses. The pilot program will enable DEED to support the immediate incumbent worker training needs related to economic development efforts being coordinated by DEED, not currently addressed through existing programs within the Minnesota Job Skills Partnership program portfolio.

The Automation Training Incentive Pilot Program (ATIPP) provides grants of up to \$25,000 to existing businesses for the express purpose of training incumbent workers as quickly and effectively as possible on new automation technology. The program is available to existing businesses across Minnesota that are investing in new automation technology at the project location.

Program Guidelines

Business Eligibility

- The business is an existing business located in Minnesota (see definitions on page 5).
- The business must have 100 or fewer full-time employees company-wide. Full-time is defined as at least 32 hours of work per week.
- The business commits to retaining the jobs of those being trained for a period of one year after training is completed.
- The jobs of those being trained must be permanent, full-time jobs that pay wages of at least 120% of the federal poverty guidelines for a family of four (currently \$30,900 per year). A permanent, full-time job is defined as providing at least 32 hours of work per week for a minimum of nine months per year.
- An employer in a manufacturing or skilled assembly production industry (ex. food packaging, metal, composites, medical, aerospace, etc.).

Program Requirements

- The business has invested in new automation technology within the past six months or plans to invest in new automation technology within the project timeframe.
- The business must be able to demonstrate that its training needs cannot be met through a Minnesota Job Skills Partnership grant or other DEED program.
- The training is in an eligible topic area outlined below.
- Training must be for a minimum of two jobs for a minimum request of \$10,000.
- To be considered an existing job, the job must be in place on the date of application.
- Must intend for training to begin within six months of the award date. At DEED's discretion.
- Grants awarded in fiscal year 2020 (July 1, 2019 – June 30, 2020) must be completed by December 31, 2020.
- The application must identify the training to be provided for each job category, projected costs, expected outcomes and a timeline for the training.
- The automation related to the project will not result in the dislocation of workers.

Other Considerations

- The business is encouraged to implement a recruitment and retention strategy for hiring individuals with a disability, minorities, long-term unemployed and/or other disadvantaged job seekers.
- When appropriate and possible, the business is encouraged to use accredited, Minnesota training providers.
- Businesses incorporating new information technology solutions will receive additional consideration.

Eligible Training

All eligible training must meet the special requirements of the employer. The location of the training, schedule, curriculum, and instruction techniques may all be negotiated between the business and the training provider.

Training in the following topic areas are eligible:

- Advanced technical skill training
- Training on industry specific equipment – new automation equipment/systems
- Process/Quality related training – specific to the new automation equipment/systems
- Safety training – specific and related to the use and integration of the new automation equipment/systems with existing systems
- Maintenance of the automation equipment/systems
- Train-the-trainer

- Other business specific training identified by the employer that is deemed appropriate by DEED
- Work-related language training, specifically related to technical language development
- Computer/technological skills related to new automation equipment/systems (i.e. coding, programming, software training, data analysis)

Ineligible Training

- Company orientation type training
- Pre-employment training

Funding Availability/Maximum Award Amount

A total of \$500,000 is available for grants through this pilot program. Grants of a minimum of \$10,000 up to a maximum of \$25,000 are available to eligible projects. The award amount will be contingent on the projected costs, demonstrated need, and number of employees to be trained and retained. The maximum amount available per trainee is \$5,000.

Of the \$500,000 available for grants, \$250,000 will be available for Greater Minnesota and \$250,000 will be available for the seven county metropolitan area through January 31, 2020. From February 1, 2020 through June 30, 2020, any grant funds remaining will be available to either the metro area or Greater Minnesota on a first-come, first-serve basis.

Use of Funds

- Funds may be used for direct training costs including curriculum development, training delivery, training materials and supplies, incumbent worker wages during training sessions, automation training equipment (simulators) owned by the business and used exclusively for training during the project period (on a pro-rated basis), training facilities, trainer travel and lodging costs, and reimbursement of packaged automation provider embedded training costs by the OEM.
- Funds may be used for administrative services, assessment, testing and certification costs.
- Funds may be used for eligible training topics that are provided by institutions of higher education; in-house; by federal, state or local agencies; by consultants; and/or by equipment vendors.
- On-the-job training costs for incumbent employees may not exceed 50 percent of the annual gross wages and salaries of the existing jobs.
- Grant funds may not be used to purchase equipment to be owned or used by the training/educational institution.

- Grant funds may only be used towards incumbent jobs. Any curriculum developed with grant funds may be used for skills enhancement of new employees at the employers cost or potentially through the Minnesota Job Training Incentive Program (JTIP).
- Grant funds may only be used for training costs that are incurred within the contract start and end dates.

Application Guidelines

Application Timelines

Applications may be submitted between August 1, 2019 and June 30, 2020 and will be considered on a first-come, first-serve basis contingent on DEED's receipt of a complete application including all required information.

Application and Award Process

- Applications will be evaluated by DEED and DEED will notify the applicant of approval or denial.
- Before entering into an agreement, DEED will investigate the applicability of other training programs and determine whether the Minnesota Job Skills Partnership program is a more suitable source of funding for the training. This investigation will be completed within 15 days or as soon as reasonably possible after DEED's receipt of a complete application.
- Eligible applications with a minimum score requirement of 30 points will be awarded on a first-come, first-serve basis.
- If adequate funding is not available and multiple requests are received at the same time, funding will be prioritized in the order of the highest to lowest scoring applications.
- Applications may be denied, awarded at a reduced amount or awarded at the requested amount.
- In order to complete the contract, the applicant must be registered with the State of Minnesota as a vendor. Information on [registering as a vendor](https://www.mn.gov/mmb/accounting/swift/vendor-resources/) can be found on the Minnesota Management and Budget website. (<https://www.mn.gov/mmb/accounting/swift/vendor-resources/>).
- Under the terms of the contract, the business will be reimbursed for eligible training costs at the end of the training provided the incumbent jobs are in place and the business has submitted all required reports and documentation.

Review Criteria

Upon DEED's determination that initial eligibility requirements have been met, applications will be scored based on the following criteria. **In order to receive an award, a minimum score of 30 must be achieved.**

- Training will result in the retention of jobs at risk (5 points)
- Business located in a State or Federal designated geography meeting economic distress criteria (New Market Tax Credits, Opportunity Zones, etc.) (5 points)
- Business located in Greater Minnesota (5 points), as defined under the Definitions section of this program guide
- Business size (0-10 points, smaller = more points)
- Wage rates of incumbent jobs (2-10 points)
- Wage increases as a result of the training (5 points)
- Voluntary benefits provided at a value of \$2 per hour or more (5 points)
- Retention strategy and employing individuals with a disability, minorities, long-term unemployed and/or other disadvantaged job seekers (5 points)
- Project leverages private funds (0-10 points)
- Return on state investment (0-10 points)
- Training on new automation systems/equipment will result in industry recognized skill certification (5-10 points)
- Training provided by an accredited educational institution/training provider (5 points)
- Business is incorporating new information technology solutions (5 points)

Reporting Requirements

For projects that are funded, the business must report to DEED at the conclusion of training, and at the conclusion of the one year incumbent employee retention period. The report at the conclusion of training will include a narrative overview of progress made in the training of incumbent employees; information on any resulting certifications for trainees; information regarding the number trained and retained; wage rates and demographics for the trained employees; a financial report with a breakdown of project costs along with supporting documentation; and a payroll report noting those employees that participated in the program. A document must also be signed by each incumbent employee receiving training and in-house trainers confirming that training was provided. The report due one year from the conclusion of the training will include a description of the training outcomes, the effectiveness of the program in encouraging retained employment and business outcomes (efficiencies, growth, and output) and any specific suggestions for improvements that can be made to enhance the program. A payroll report will also be required along with an explanation for any decreases in the number of employees.

Definitions

Automation Technology - Automation technology is a process or procedure performed with minimal human assistance. Automation or automatic control is the use of various control systems for operating equipment such as machinery, processes in factories or other applications with minimal or reduced human intervention. Adoption, implementation and utilization of any one of three types of automation in production are acceptable for consideration of this program, including, (1) fixed automation, (2) programmable automation, and (3) flexible automation. These are further defined as:

- 1) **Fixed Automation** - also known as “hard automation,” refers to an automated production facility in which the sequence of processing operations is fixed by the equipment configuration. In effect, the programmed commands are contained in the machines in the form of cams, gears, wiring, and other hardware that is not easily changed over from one product style to another. This form of automation is characterized by high initial investment and high production rates. It is therefore suitable for products that are made in large volumes.
- 2) **Programmable Automation** - is a form of automation for producing products in batches. The products are made in batch quantities ranging from several dozen to several thousand units at a time. For each new batch, the production equipment must be reprogrammed and changed over to accommodate the new product style. This reprogramming and changeover take time to accomplish, and there is a period of nonproductive time followed by a production run for each new batch.
- 3) **Flexible Automation** - is an extension of programmable automation. In flexible automation, the variety of products is sufficiently limited so that the changeover of the equipment can be done very quickly and automatically. The reprogramming of the equipment in flexible automation is done off-line; that is, the programming is accomplished at a computer terminal without using the production equipment itself.

Existing Business – an operational Minnesota business that is training incumbent workers at the project location.

Greater Minnesota – areas outside of the seven county metropolitan area which includes the following counties: Anoka, Carver, Dakota (excluding the city of Northfield), Hennepin (excluding the cities of Hanover and Rockford), Ramsey, Scott (excluding the city of New Prague), and Washington. The cities of Northfield, Hanover, New Prague and Rockford are considered Greater Minnesota. The metropolitan area is defined by Minnesota Statutes section 473.121, subdivision 2.

Economic Distress Criteria - a census tract with income at or lower than 80 percent area median income, or poverty greater than 20 percent.

Existing or Incumbent Job – an existing job at an existing business that provides at least 32 hours of work per week for a minimum of nine months per year and is permanent with no planned termination date.

On-the-Job Training – teaching the skills, knowledge and competencies that are needed to perform a specific job within the workplace and work environment. It may occur as the employee performs actual work while being directly overseen by a trainer or it may occur elsewhere within the workplace using training rooms, training work stations, or training equipment. On-the-job training is provided by another employee who can competently perform the job that he or she is teaching or by an external provider.

Skilled Production – production jobs that require the worker to have knowledge about a specific skill or trade.

Resources/Contact Information

Minnesota Job Skills Partnership (MJSP) – MJSP provides grants to educational institutions that are partnering with a business or businesses to provide training that is specific to the business needs. [Information on the MJSP programs](http://mn.gov/deed/mjsp/) can be found on DEED’s website (<http://mn.gov/deed/mjsp/>). Program staff can help you determine whether the JTIP program or one of the other MJSP programs best suits your business needs. Staff will also advise you regarding the availability of ATIPP funding. Staff can be reached at 651-259-7514.

DEED Regional Business Development Managers – Business Development Managers are located in the Twin Cities, metro area and key regions throughout the state. They work closely with companies of all types to help them locate and expand in communities throughout Minnesota. [Business Development Managers contact information](http://mn.gov/deed/business/help/location-assist/index.jsp) can be found on DEED’s website (<http://mn.gov/deed/business/help/location-assist/index.jsp>).

DEED Workforce Strategy Consultants – Workforce Strategy Consultants can help you with industry sector strategies, implementing your regional plans and get you in touch with workforce development resources. [Workforce Strategy Consultants contact information](https://mn.gov/deed/business/help/workforce-assistance/wf-strategy.jsp) can be found on DEED’s website (<https://mn.gov/deed/business/help/workforce-assistance/wf-strategy.jsp>).

DEED Vocational Rehabilitation Services – The Vocational Rehabilitation Services unit helps people with disabilities prepare for, find and keep a job, and live as independently as possible. Employment Specialists can help your business tap the talent pool of people who have disabilities and may be able to provide support services to help workers with disabilities to keep their job and advance in their careers. Additional information, including [Employment Specialists contact information](https://mn.gov/deed/business/finding-workers/hiring-disabilities/) can be found on DEED’s website (<https://mn.gov/deed/business/finding-workers/hiring-disabilities/>). VRS staff can also be reached at 651-259-7366 or 1-800-328-9095.

Minnesota CareerForce Centers – Minnesota CareerForce Centers provide an array of employment-related services to employers and job seekers via 47 locations throughout Minnesota and online at DEED’s website. Employers who need hiring assistance can contact any

of our CareerForce Centers. More information can be found on [DEED's website](http://www.careerforce.com) (<http://www.careerforce.com>).

Minnesota State Workforce Solutions – Companies of all sizes in every region of the state depend on the Minnesota State system to prepare and maintain a qualified work force, increase employee productivity and support new business growth. Minnesota State Workforce Solutions harnesses the power of 37 colleges and universities across 54 campuses to deliver training and consultative solutions for over 2,700 businesses and over 130,000 individuals each year. To learn more, call 218-969-0045 or visit the [Minnesota State website](http://www.minnstate.edu/ws/index.html). (<http://www.minnstate.edu/ws/index.html>)

MinnesotaWorks.net – MinnesotaWorks.net is the state's no-fee online job data base that brings employers and job seekers together. Employers can post job openings using keywords that specify job description, title, required skills and experience and then review resumes that match their requirements. For more information go to [DEED's website](https://mn.gov/deed/job-seekers/find-a-job/job-listings/search-mnw.jsp) (<https://mn.gov/deed/job-seekers/find-a-job/job-listings/search-mnw.jsp>) or the [MinnesotaWorks.net website](https://www.minnesotaworks.net/) (<https://www.minnesotaworks.net/>).

Application Instructions

It is strongly recommended that you consult with program staff before completing the grant application to help determine whether the Minnesota Job Skills Partnership program may be a more suitable source of funding and for information regarding the availability of funding. Program staff can be reached at 651-259-7514. The [application form](#) can be found on our website (<http://mn.gov/deed/business/financing-business/mjsp/training-grants/index.jsp>). Steps for completing an application are provided below.

Step 1 – Complete the Eligibility Checklist

Step 2 – If all conditions on the Eligibility Checklist have been met, fully complete the grant application using the forms provided.

Step 3 – Submit the completed application via mail or email to DEED at the following address:

MN Department of Employment and Economic Development
Business & Community Development, MJSP
332 Minnesota Street, Suite E200
St. Paul, MN 55101
deed.mjsp@state.mn.us

or

Vikki Palony – Southern MN and metro area: vikki.palony@state.mn.us
Danielle Kressin – Northern MN: danielle.kressin@state.mn.us