



# Job Training Incentive Program

**Despite its name, the Job Training Incentive Program is more of a tool to encourage business to relocate and expand in New Mexico than a workforce training program. The program reimburses companies a share of the wages paid to newly hired employees for up to six months. The Economic Development Department markets the program to prospective companies and the incentive is commonly considered one of the most generous of its kind in the country.**

## Qualifying Companies and Jobs

Created in 1972 and initially dubbed the in-plant training program, JTIP has been revised significantly over its more than 40 years. In its current configuration, the Economic Development Department awards grants from the development training fund to new or expanding companies.

Not all businesses and not all jobs within a business are eligible for the incentive. A company must manufacture or produce a product in New Mexico, be a “green” company, or be a non-retail service company that exports a substantial percentage of services out of state. In addition, the company must be creating new jobs.

Most administrative or support positions are not eligible for funding, although the law does allow a small percentage of the jobs to be outside the actual production of the product or service.

The company must guarantee full-time, year-round employment to the trainee on successful completion of the training program. Trainees must be new hires to the company, New Mexico residents, and cannot have recently dropped out of high school. JTIP’s affiliated Step-Up program helps companies train existing workers in new technologies or skills and prepare them for promotion.

## Reimbursement

Depending on the location, the grant subsidizes from 50 percent to 75 percent of the cost of an employee’s wages for up to six months. The rates are 50 percent for urban jobs, 65 percent for rural jobs and 75 percent in frontier, economically distressed or Native American locations. Jobs with entry wages classified as high wage receive an additional 5 percent, as do companies that use the WorkKey’s assessment tool as part of the hiring process.

While classroom training is also eligible for reimbursement, nearly all grants are for on-the-job training. Companies may also receive a grant for a combination of the two types of training. The cost of custom classroom training is

reimbursed at 100 percent in addition to the reimbursement for wages and from 50 percent to 65 percent of classroom-related travel expenses can be reimbursed.

The grant can be used to reimburse wages for up to six months, depending on the job complexity and wages paid.

## State Support

The Legislature has typically supported JTIP through annual special appropriations but recently also provided more secure, recurring funding. Concerned about its return on investment, the state also recently adopted a “claw-back” provision to require any company to return awarded funds to the state if it closes the operation within six months of the award.

By statute, at least one-third of total appropriations must be allocated to nonurban areas of the state, with two-thirds allocated to urban areas. Also in statute, up to \$2 million of funds may be used for film and multimedia projects and up to \$1 million a year may be used for “green” industries.

While the department reports JTIP has supported the creation of more than 43,000 jobs in nearly 1,300 business across the state, it is important to note that the cost of creating the jobs has varied widely. The long-term average cost per job created for JTIP is \$5,200, compared with costs ranging from \$200 to \$84,400 for other job creation programs. In addition, JTIP is “stackable” with many of these other programs, resulting in a higher total cost for each job than is apparent looking at the programs individually.

## For More Information:

- The Economic Development Department JTIP website is [http://www.gonm.biz/Job\\_Training\\_Incentive\\_Program.aspx](http://www.gonm.biz/Job_Training_Incentive_Program.aspx).
- JTIP was established as the development training fund under Sections 21-19-7 through 21-19-13 NMSA 1978.
- An LFC-created chart showing the cost per job created for JTIP and other economic development programs is available in Volume III of the 2015 *Report of the Legislative Finance Committee to the Legislature* (also known as the budget recommendation), <http://www.nmlegis.gov/lcs/lfc/lfcsubptabgraphs.aspx>.