

Fewer firms apply for workforce training funds after rule changes

By KIMBERLEE KRUESI, Associated Press

BOISE, Idaho (AP) — A year of cracking down on a top Idaho incentive designed to attract businesses has resulted in fewer applicants vying for the program.

Known as the workforce development training fund, the state program reimburses companies for training employees who would otherwise lose their job for not having the right specialized skills.

In fiscal year 2015, which ended in June, the Idaho Department of Labor approved more than \$6 million to help train employees at 11 different businesses and universities.

The dollar figure is nearly double than what was allocated a year before, but the number of companies benefiting from the award is the lowest it's been in five years.

Agency Director Ken Edmunds says the businesses have raised concerns that the new criteria are too strict. However, Edmunds says the reforms are here to stay.

Since its inception in 1996, business recruiters have argued that the workforce training fund is a key tool that Idaho can use to attract out-of-state companies looking to expand or relocate. However, critics have countered that the state lacks any recourse if companies move out of state or close after receiving public money.

To help ease some of the concerns, the Department of Labor issued a series of reforms last year to help tighten the criteria for receiving the state funds. But a year of getting used to the new process resulted in a drop in interested applicants.

In fiscal year 2015, eight businesses received training grants and three went to universities and colleges. Three years ago, the agency approved grants for more than 30 businesses.

Edmunds says a stricter system is better for Idaho because it allows the agency to be more judicious in who gets state funds.

The goal is to train an employee with skills that can be easily transferable to another job or help that employee move up the company.

Businesses still aren't penalized if they close or leave the state shortly after receiving the taxpayer-funded grants. Instead, the agency implemented a new scoring matrix made up of six different evaluation areas —ranging from wages to transferability of the skills being taught. Businesses that score high receive larger reimbursements.

"It's caused some challenges for economic developers," Edmunds said. "But now we're saying (to businesses), you say you have a need, prove it to us. I've gotten some feedback that it's a little too stringent, but I don't have a problem with that."

However, the Department of Labor denied a public records request from the AP seeking the scoring of the applicants, citing privacy issues.

Clif Bar and Amy's Kitchen —two companies that recently moved to south-central Idaho— each received grants of more than \$2 million. Frulact, a company from Portugal, was awarded \$1.2 million to help train employees as it builds a fruit-processing plant in Rupert. The University of Idaho, North Idaho College and College of Western Idaho all received grants totaling around \$1 million. Meanwhile, the rest of the grant money was split across companies in Ponderay, Sandpoint and Boise.

The fund is financed through a portion of the unemployment insurance tax paid by business owners. However, Idaho's unemployment tax rate has been steadily dropping since 2012. That means the training fund has been seeing a drop in cash flow. In 2011, the state had \$16 million to help train employees. Next year, Edmunds expects that amount to be closer to \$5 million.

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