JOB TRAINING FOR NEW AND EXPANDING BUSINESSES





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I. Introduction: Program Basics

Purpose

This guide is designed to provide guidance to staff on the ND New Jobs Training Program. It provides a description, eligibility criteria, allowable costs and activities, application procedures, forms to be used, and general information relating to ND New Jobs Training. The authority for establishing guidelines for administration of the ND New Jobs Training in the state of North Dakota is provided in chapter 52-02.1 of the North Dakota Century Code, and in Article 27-04 in the Administrative Code. Job Service North Dakota (JSND) has responsibility for the administration of the ND New Jobs Training.

Background

The 1993 Legislative Assembly enacted into law the ND New Jobs Training Program. The ND New Jobs Training Program provides incentives to primary sector businesses that are creating new employment opportunities within ND.

Objective

The program provides a mechanism for businesses to secure funding to help offset the cost of training new employees by the capture of state income tax withholding generated from newly created jobs. Funding is to help a business with the known costs created when new job positions are created.

Definitions

Throughout this section the following definitions will apply. NDCC 52-02.1-01 provides the following definitions for the ND New Jobs Training Program:

- "Administrator" is a state agency duly organized and validly existing under the laws of the state of North Dakota (the State).
- "Agreement" is the agreement between an employer and JSND concerning a project.
- "Base employment level" means the number of full-time jobs an employer employs prior to the date of the commencement of the project.
- "Benefits" is a collection of non-cash compensation elements, including, but not limited to, income protection, health coverage, retirement savings, and vacation and income supplements for employees, provided in whole or in part by employer payments.
- "Community" means the city or county in which an eligible primary sector business is or will be located or a local development corporation, community organization, or any other group the interest of which is in the economic growth of the area.
- "Date of commencement of the project" means the date of the agreement.
- "Department" means the Department of Commerce.
- "Employee" means the individual employed in a new job.
- **"Employer"** means the individual, corporation, business, partnership, or association providing new jobs and entering into an agreement.
- "New job" means a job in a new or expanding primary sector business. The term does not include recalled workers returning to positions they previously held, replacement workers, including workers newly hired as a result of a labor dispute, or other jobs that formerly existed within the employment of the employer in the state.
- "New jobs credit from withholding" means the credit as provided in section NDCC 52-02.1-03.



- "New jobs training program" or "program" means the project or projects established by JSND to
 provide workers with education and training required for jobs in new or expanding primary sector
 businesses in the state.
- "Primary sector business" means an employer engaged in locating to or in this state which
 previously had no presence in this state, or in expanding its operations within this state, which
 through the employment of knowledge or labor, adds value to a product, process, or export service
 that results in the creation of new wealth, excluding production agriculture. This designation is
 assigned by ND Dept of Commerce, and is applied for by completing SFN 52998, Application for
 Certification as a Primary-Sector Business in the State of North Dakota.
 https://www.business.nd.gov/forms/IncentiveCertificationForms
- **"Program costs"** means all necessary and incidental costs of providing program services. The term does not include the cost of purchase of equipment to be owned or utilized by the training or educational institution or service.
- "Program Services" means training and education specifically directed to the new jobs, including the following:
 - All direct training costs, such as these:
 - Instructor wages, per diem, and travel;
 - Curriculum development and training materials;
 - Lease of training equipment and training space
 - Miscellaneous direct training costs;
 - Administrative costs;
 - Assessment and testing.
 - o In-house or on-the-job training.
 - Subcontracted services with institutions governed by the board of higher education, private colleges or universities, federal, state, or local agencies, or other private training or educational services.
- "Project" means a training arrangement that is the subject of an agreement entered into between JSND and an employer to provide program services.

Business Eligibility

The business must achieve Primary Sector Certification from the Department of Commerce.

- The new startup or relocating business must create a minimum of five new full-time positions within the time frame set in an agreement between JSND and the business
- The business that is located in the state must increase its base employment level by a minimum of one new full-time position.
- The business must not be closing or reducing its operation in one area of the state and relocating substantially the same operation to another area of the state.
- The business agrees that every employee participating in the New Jobs Training Program must be paid a wage of at least \$10.00 per hour plus benefits by the end of the first year of employment in a new job position covered under the project.
- An employer must have an economically productive and socially desirable purpose within the state.
- An employer must not be closing or reducing its operation in one area of the state and relocating substantially the same operation in another area of the state. Nor will an employer be determined eligible only because of a name change or selling of the business to another owner or entity.



Program Funding

Funding for the ND New Jobs Training Program is through the capture of state income tax withholding from the new jobs created. Funding is determined by these criteria:

- The number of new jobs to be created listed by occupation and starting salary. (The business provides these numbers.)
- The calculated amount of allowable state income tax withholding available to the project, based on the new jobs created. A table of average withholding taxes, prepared by the ND Tax Department, is used for the calculations that JSND completes.

There are three (3) available methods for funding. In each scenario, the business must complete the quarterly paperwork each quarter for the payments to be processed timely. The business can decide which of the following methods will work best for their needs:

Loan

- JSND provides the business with the amount of available state income tax withholding credits business may potentially receive based on the number of new jobs planned. The business uses this figure to negotiate a loan with a commercial lender, local development corporation, Bank of North Dakota, or other qualified lender. The lender will amortize the loan over a ten-year period.
- The loan and interest are repaid from the state income tax withholding generated from the new job positions created during the term of the project.
- 100% of the qualified state income tax withholding is available to retire the principal and interest on the loan.
- JSND has no involvement in the loan or commitment with the lender.

Grant (Pass through)

- The business negotiates a grant with the state, community organization, a higher education institution, or local economic development corporation. The state tax department sends all reimbursements to that entity which takes its administrative fee (less than 4%- similar to a loan rate) and forwards the rest to the business.
- 100% of the qualified state income tax withholding is available to be used for the grant.

Self-finance

Under the self-finance option, the business will receive 60% of the qualified state income tax withholding credits from the new jobs created as a reimbursement after the quarter has ended and paperwork has been submitted.



Project Length

The maximum period of a ND New Jobs Training project is ten years. State income tax withholding may be captured for up to ten years or until the loan is repaid, or the negotiated level of the grant or self-financing has been reached, whichever comes first. There is some time built into the calculation to help achieve maximum funding even if variables happen (non-ND resident hired into a position, employee not hired until the second year, or position not refilled in later years)

Application Process

Information on the ND New Jobs Training Program is available at www.jobsnd.com under Employers, Workforce Training. The application forms, instructions and a brochure for use with businesses are also available. The Preliminary and Final Agreements can only be prepared by JSND Workforce Program staff after having received the appropriate forms and documentation. An agreement can be cancelled at any point in the application process.

Preliminary Agreement

A preliminary agreement may be entered into between JSND and the business prior to the completion of a final agreement. The Preliminary Agreement must be signed and in place prior to the start date of any employees filling new job positions included under the agreement. To initiate a preliminary agreement, a business should complete and submit the SFN 51042 *New Jobs Training Worksheet*. This establishes an effective date for the ND New Jobs Training Program.

Following is the information needed to complete a Preliminary Agreement:

- Business/company name, address, phone, and fax number.
- Federal Identification number (FEIN).
- State of incorporation.
- Chief Administrative Officer.
- Anticipated date of first hire related to the expansion or location to the state.

The Preliminary Agreement must be signed and in place prior to the start date of any new employees who are filling new job positions that are to be included under the project.

The preliminary agreement provides a 90 day period for the parties to complete negotiation of the final agreement. Individuals who are hired, in the newly created job positions by the business on or after the effective date of the Preliminary Agreement can be included under a ND New Jobs Project.

A Preliminary Agreement will be prepared from the information submitted and will be sent to the employer along with two copies of Form 500 *Authorization to Disclose Tax Information and Designation of Representative*. The Form 500's are required by the state tax department and are needed prior to setting up special accounts to handle the state income tax.

There is no obligation for either party to enter into a Final Agreement.



Final Agreement

To apply for a final agreement, a business should complete SFN 19703 *New Jobs Training Application*. This application will provide information on the business, the finance option selected, lender (if applicable), number and title of new job positions to be created, starting date of training, and certification that the business is a primary-sector business.

A Final Agreement must be signed by JSND and the business to formalize the ND New Jobs Training Program for the newly created jobs by the business. A signed SFN 19703 New Jobs Training Program Application is needed to establish a Final Agreement. The Final Agreement will contain the following provisions:

- The start and end date of the training.
- The length and the timeframe each job category will be provided training.
- The number of new job positions to be created and the number of new jobs to be trained.
- The amount of state income tax withholding credits the business is entitled to is based upon the number of new job positions created, the wage for those positions, and the finance option selected.
- Default provisions that are consistent with the administrative rules of this program.
- A provision specifying, upon occurrence of an event of default, the business is ineligible for state income tax withholding credits and shall immediately remit payment in full to satisfy the remaining debt service.

Eligible Employees

An eligible employee is an individual who meets all of these requirements:

- Filling a newly created job position.
- Residing in North Dakota.
- Earning at least \$10.00 per hour plus fringe benefits by the end of the first year of employment. Fringe benefits may include any of the following:
 - Vacation or Sick Leave
 - Health, Dental, or Eye insurance
 - Life insurance
 - Other
- Replacing another individual who is no longer in the position. All individuals occupying the position are included when requesting reimbursement. (When an employee in a 'new job' leaves, the replacement employee continues with that positions number)

All withholding taxes of the individuals occupying a newly created position are included in the request for reimbursement. As employees receive wage increases, the amount of eligible state income tax will increase, resulting in projects commonly being completed before the ten-year limit.

Renegotiations regarding employees must take place within two years from the project commencement date. If the employer, for any reason whatsoever anticipates that there will be either fewer or more employees than initially listed in the agreement, the employer shall notify the administrator in writing. The notice must specify the updated number of new employees that shall be hired within the two-year time period from the commencement date of the agreement.

Please refer to sections 2.9, 2.10, and 2.11 of the new jobs training agreement for additional information. Upon any amendment to the agreement being affected in accordance with 2.10 and 2.11 of the agreement, the administrator shall so notify the State Tax Commissioner and State Treasurer in writing.



Reporting

The business is required to file their quarterly withholding with the ND Tax Department using Form306 *Report of Withholding*. The attachment to the Form 306, showing the name, social security number, and qualified ND income tax withholding for each ND resident filling a qualified new job position must also be filed each quarter.

After receipt and verification of Form 306, the North Dakota State Tax Commissioner's Office will electronically transfer the amount of new job credits from withholding to a special fund set up and administered by the State Treasurer.

Reimbursement

Fund Transfers are made by the third working day of the third month following the end of the calendar quarter provided the information on the reimbursements request is consistent with the Form 306. For the first quarter (Jan-Mar), this will occur in June; the second quarter (Apr-Jun) in September, the third quarter (Jul-Sep) in December; and the fourth quarter (Oct-Dec) in March.

The State Treasurer disburses funds directly to the lender on a loan option. The proceeds are to be applied to the principal and interest. Funds are disbursed directly to the grantor on the grant option. Funds are disbursed directly to the business on the self-finance option.

JSND Administration Fee

At the time the Legislature created the ND New Jobs Training Program, they determined that JSND could assess a one-time administration fee for each ND New Jobs project. This administration fee is in lieu of funds being appropriated each biennium. This fee covers the entire ten-year period of the project. This administrative fee is one of the following:

- 5% of the principal of the loan. –or-
- 5% of the grant amount. –or-
- 5% of the self-finance amount the business is eligible to receive.

The administrative fee is due and payable to JSND upon the receipt of the start of reimbursements.

Open Records

JSND is subject to North Dakota Century Code requirements on open records. Applications for training funds submitted to JSND are generally available for public examination. Information which the business believes contains trade secrets recognized by and protected by such as law, or release of which would give an advantage to competitors and serves no public person, or which meets other provisions for confidential treatment as authorized in North Dakota Century Code shall be kept confidential.



Agreement Closures and Transfers

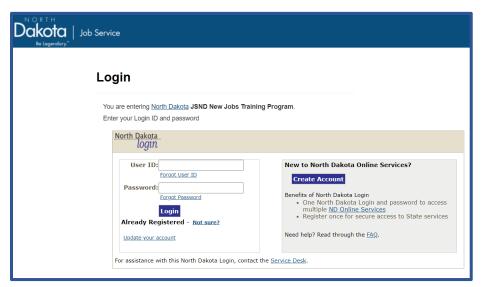
Businesses seeking closure of an agreement or transfers of an agreement due to sale or acquisition must contact JSND.

- If a business is no longer interested in receiving reimbursements or has expended their agreement amount, notice must be sent to JSND to close out the agreement.
- If a business is sold or acquired by an existing business, North Dakota Administrative Code, Article 27-04 must be followed: "The business ceases or announces the cessation of operation at the project site prior to completion date of the term of the agreement, unless such operations are transferred to another facility in the state of North Dakota and job service North Dakota receives assurance of continued employment and repayment."
- Businesses must use the "edit business" tab on the New Jobs Training website to update their business name, FEIN number, or contact information.

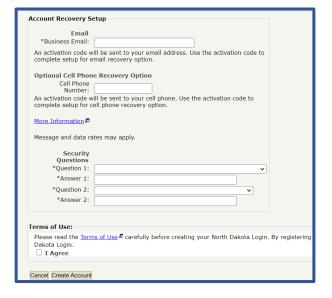


II. Creating a State of ND Login

Online access to the ND New Jobs Training system can be found at: https://apps.nd.gov/jsnd/njtp/login. Employers and Grantors will need to create a North Dakota login to access the NJT system.







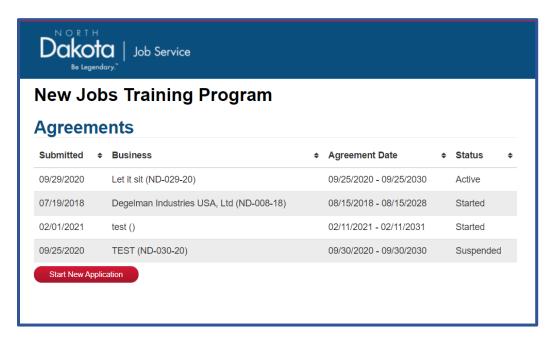


III. Business/Employer Guide

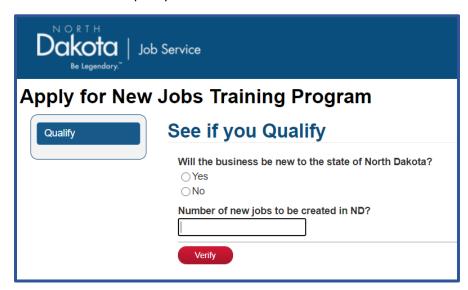
After you have successfully created a State of ND Login, follow the steps below. Employers have the option to submit a preliminary or a full agreement.

Creating a New Agreement – Preliminary Agreement

On the main page, click the red "Start New Application" button

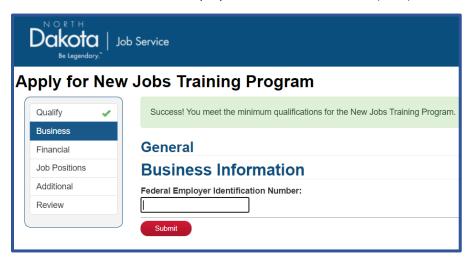


Answer the following two questions to see if you qualify. A minimum of 5 full-time equivalent, new jobs must be created to qualify.

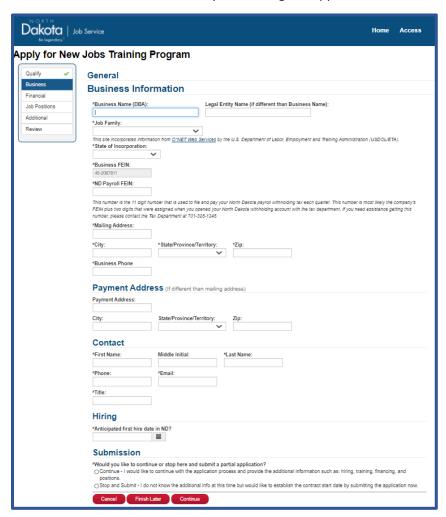




Enter the Business's Federal Employer Identification Number (FEIN)



Fill out the Business Information, Payment Address, Contact, Hiring, and Submission sections. For partial agreements, select "Stop and Submit - I do not know the additional info at this time but would like to establish the contract start date by submitting the application now." in the "Submission" section.





On the Review page, review the information you completed in the application. If you notice any discrepancies, click on the tabs on the left navigation pane to go back and make any necessary corrections.

After you have reviewed the partial application, scroll to the bottom and complete the "Signature" section. Click "Submit Application."



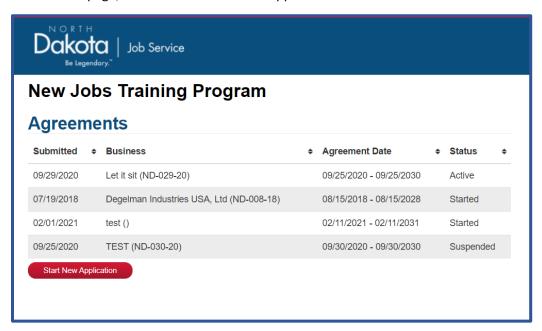
After your partial application is submitted, you will receive the following email:

"Thank you. Your partial application has been submitted and your date of first hire has been established. Job Service will review your application and prepare a preliminary agreement. You will need to finish your application by (date generated dependent upon application submission date) in order to be eligible for reimbursement for the New Jobs program."

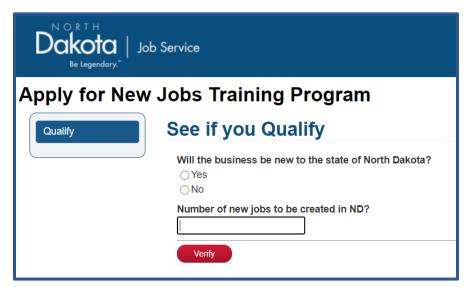


Creating a New Agreement – Full Agreement

On the main page, click the red "Start New Application" button.

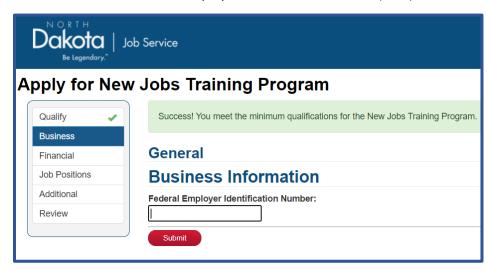


Answer the following two questions to see if you qualify. A minimum of 5 full-time equivalent, new jobs must be created to qualify.

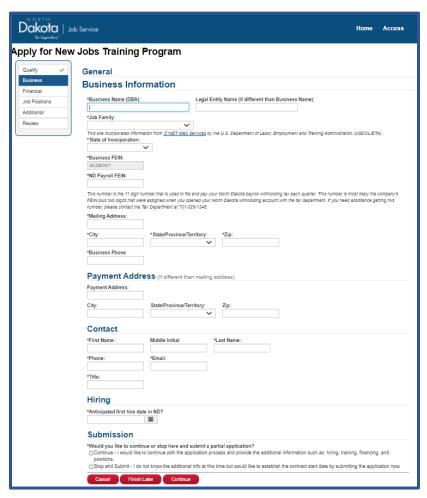




Enter the Business's Federal Employer Identification Number (FEIN)

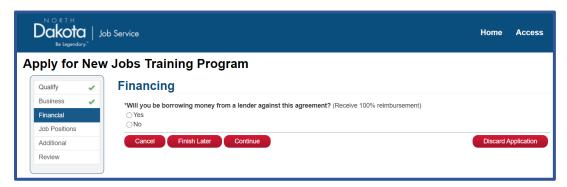


Fill out the Business Information, Payment Address, Contact, Hiring, and Submission sections. For full agreements, select "Continue - I would like to continue with the application process and provide the additional information such as: hiring, training, financing, and positions." in the "Submission" section.

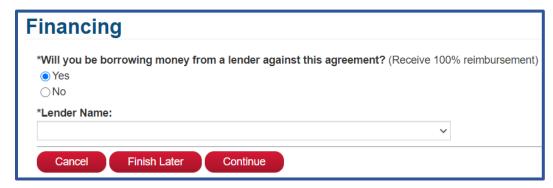




Answer the following question.



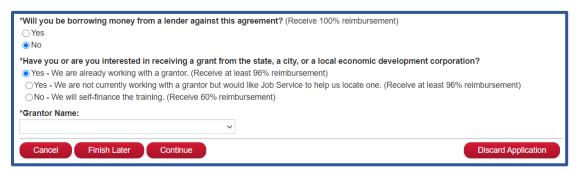
If you are borrowing money against a lender, you will select "Yes" for the question above. This will prompt you to enter a Lender Name. If your Lender is not in the drop-down list, please contact Job Service for additional help.



If you are using a Grantor or are self-financing, you will select "No" for the question above. You will then select the option that best fits your application:



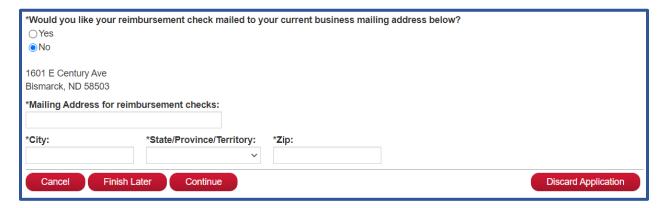
If you select "Yes - We are already working with a grantor. (Receive at least 96% reimbursement)" you will be prompted to select a Grantor from the drop-down list.



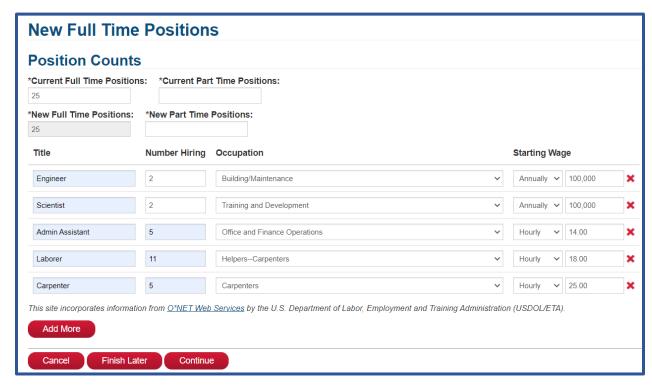


If you select "Yes - We are not currently working with a grantor but would like Job Service to help us locate one. (Receive at least 96% reimbursement)" you can click "Continue" to move forward with the application. Job Service will be in contact to help locate a Grantor for your application.

If you select "No - We will self-finance the training. (Receive 60% reimbursement)." If the check mailing address is the address listed, select "yes", if "no" fill out the address you would like to receive your reimbursements.



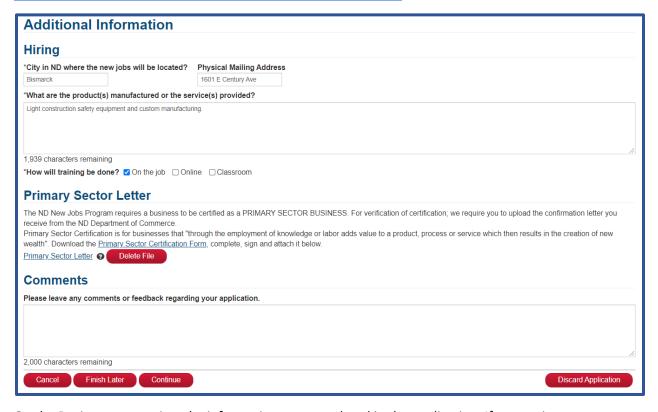
Once you are finished with the Financial section, click "continue" to move to Job Positions section. Fill in the required information. Complete the "title" "number hiring" "Occupation" and "Starting Wage" information to your best ability. The "Occupation" is the best option based on the position you're listing. The "Occupation" list is derived from the "Job Family" you chose in the "Business Information" section of the application.





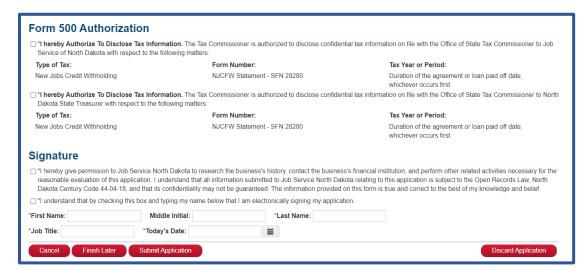
Fill out the Additional Information page. You will also need to upload your Primary Sector Letter that you received from the North Dakota Department of Commerce.

https://www.business.nd.gov/forms/IncentiveCertificationForms



On the Review page, review the information you completed in the application. If you notice any discrepancies, click on the tabs on the left navigation pane to go back and make any necessary corrections.

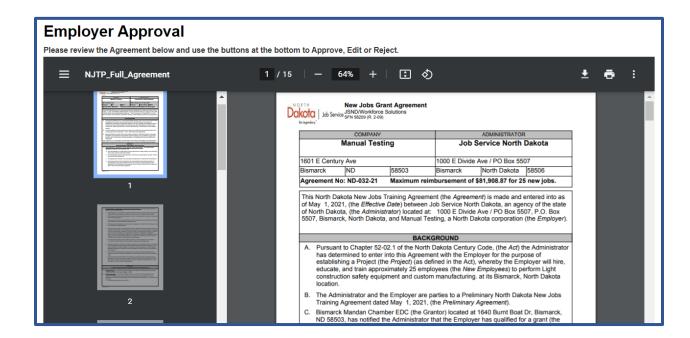
After reviewing the application, scroll down to the "Form 500 Authorization" section and review and confirm the disclosure questions. Complete the "Signature" section and click "Submit Application." After your application is submitted, you will be notified by email when the status of your application changes.





After your application has been approved by Job Service, you will receive a notification in the New Jobs System to go in and review and approve the agreement.

Sign into the New Jobs system and review your agreement. If everything looks good, click "Yes. Approve." If edits need to be made, click "No. Edit Further."

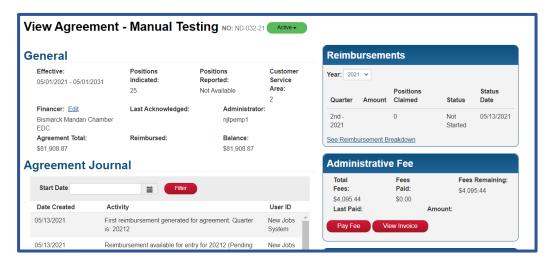




Navigating the New Jobs System - Employers

After you have full agreement has been accepted, sign in to the ND New Jobs Training system: https://apps.nd.gov/jsnd/njtp/login.

The following page should be displayed when you successfully sign in:



The "General" dialogue box contains information about the approved agreement. <u>Positions Reported</u> will change based on the adjustments made to the positions including hiring's and vacancies. <u>Reimbursed</u> and <u>Balance</u> amounts will also change as reimbursements are submitted and approved.

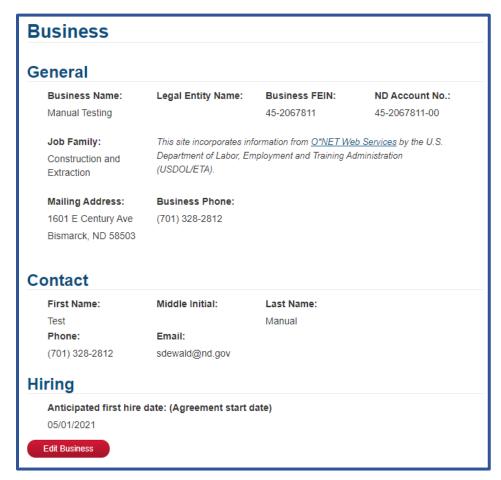




The "Agreement Journal" shows activity for the agreement.

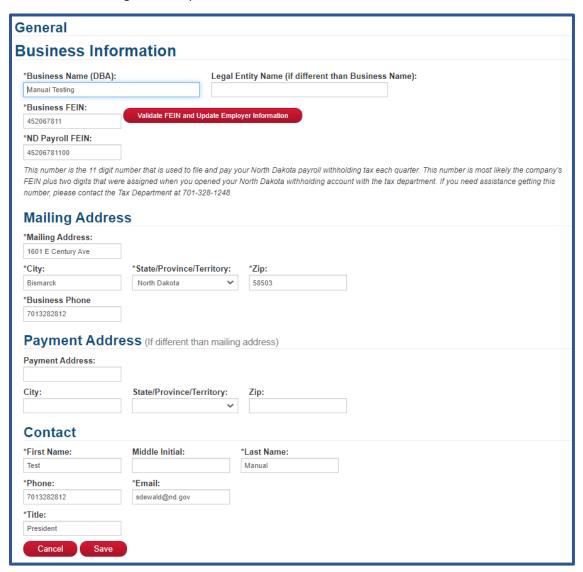


The "Business" dialogue box shows the information for the business/employer who the agreement represents. This information was provided during the application process. If changes need to be made to this section, click the "Edit Business" button.





Edit the necessary information below and click "Save." If a business is being acquired by another entity that has an active agreement, please contact Job Service for assistance.



The Grantor is listed in the "Financing" dialogue box.





Positions are listed in the "Positions" dialogue box. These can be edited by click the "Edit Positions" button. Positions can be edited for two years after the start date of the agreement. See <u>I. Introduction: Program Basics</u> in this guide for more information about changing positions.

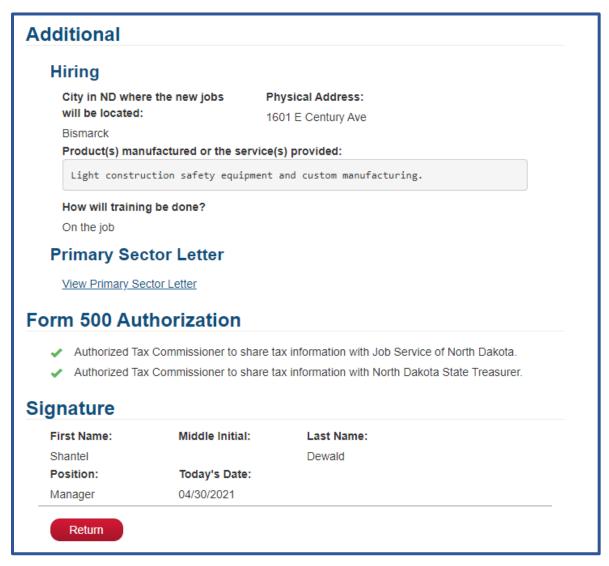


Edit positions as necessary, including changes to the numbers hired, wages, and additional positions. Click "Submit to Job Service" after you have completed your changes.



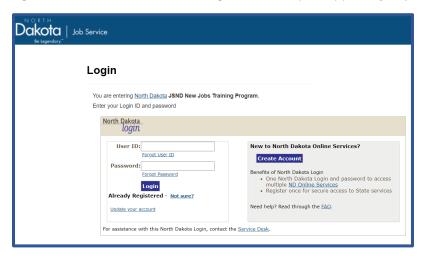


The "Additional" "Form 500 Authorization" and "Signature" dialogue boxes were completed during the application phase and cannot be adjusted. Here you can view you <u>Primary Sector Letter</u> if desired.





Sign-in to the ND New Jobs Training website: https://apps.nd.gov/jsnd/njtp/login.



On the left side navigation, you will see a dialogue box labeled "Reimbursements" that contains your reimbursement information for the active agreement. To submit a reimbursement, click on the quarter you wish to submit the reimbursement for.

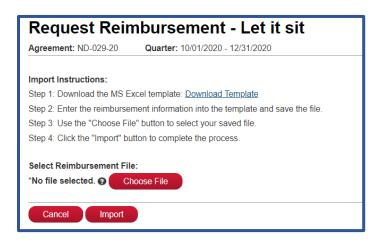




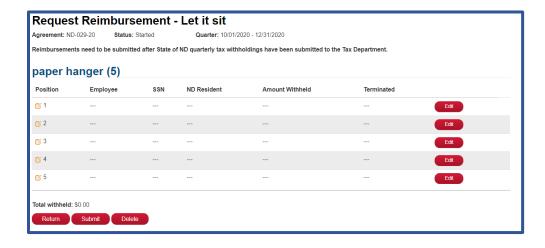
You have the choice to do an import of employees or a manual entry to receive your reimbursements.



If you select the Import option, you must download and fill out the excel template that is provided. **<u>DO</u> <u>NOT</u>** adjust the columns or rows in this spreadsheet. Once you have entered the employees, upload the file back into the system and click the "Import" button at the bottom of the screen.



If you select the Manual Entry option, you will be presented with a table to fill out the applicable employee information. Add rows as needed until you've reached the amount of positions that have been created and/or filled. Once your information is complete, click "Submit."



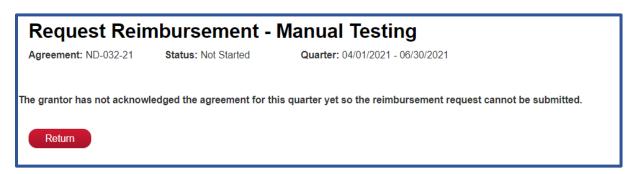


P: 701-328-1976 E: smcgrego@nd.gov If your reimbursement is filled out correctly, you will receive a notification on the main page that says "Reimbursement request has been successfully submitted." You will also notice the status of the reimbursement has changed to "submitted" on the left side navigation, in the dialogue box labeled "Reimbursements."



If there are errors in your reimbursement, you will receive a message at the top of your screen outlining where the errors have occurred. If you are unable to make the necessary corrections, or have questions about the errors, please contact Job Service for assistance.

Each reimbursement submitted by the employer will need to be acknowledged by the grantor. An email will be generated and sent to the grantor's email address listed in the New Jobs System. An employer will receive the following message on their reimbursement until the grantor acknowledges the reimbursement:





IV. Grantor Guide

Grantor Responsibilities

Businesses choosing to apply for the program under the grant option, must select a community organization, a higher education institution, or local economic development corporation to administer their agreement. The state tax department sends all re-imbursements to that entity which takes its administrative fee (less than 4%- similar to a loan rate) and forwards the rest to the business.

As such, a grantors responsibility is to assist the business with their agreement, including the application, reimbursements and all other administrative functions. This guide can help assist grantors with their administration of the program and the agreements that they oversee.

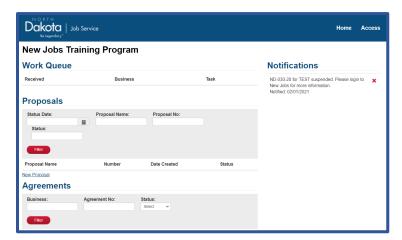
In the event the grantor is unable to assist an employer with the program, the grantor should contact Job Service for guidance. Examples would be an error message, issues with a reimbursement, questions on an active or potential agreement, etc.



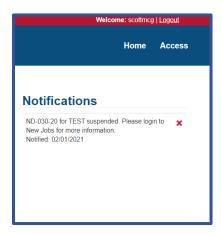
Navigating the New Jobs System - Grantors

Log in to the North Dakota New Jobs Training system: https://apps.nd.gov/jsnd/njtp/login.

The following page should be displayed when you successfully sign in:

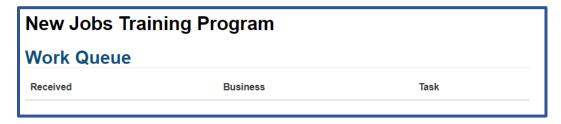


On the right navigation pane under "Notifications" you will see any notifications listed for the agreement(s) underneath your Grantor account.



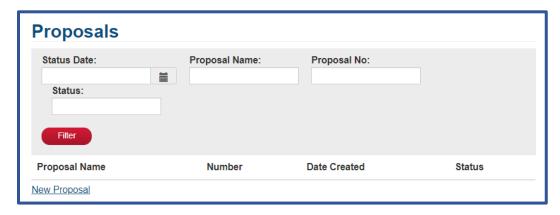
The "Work Queue" will display any pending agreements or reimbursements that require Grantor acknowledgement. If the work queue is blank, there are no items awaiting acknowledgement.

Employers cannot receive reimbursements until the Grantor has acknowledged the reimbursements listed under this Work Queue dialog box.

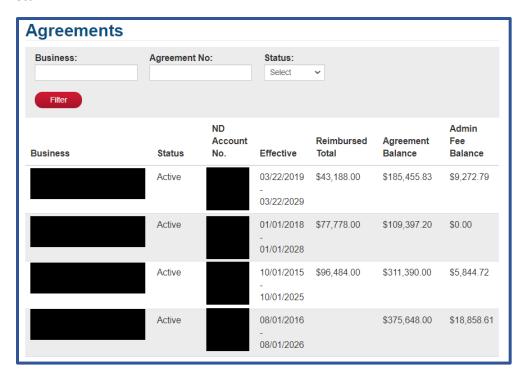




Pending proposals will be listed under the "Proposals" dialogue box. You can also create a new proposal by click the "New Proposal" button below.



The "Agreements" dialogue box displays all the agreements to which you are the Grantor over. The status will show where the agreement is in the process. i.e. active, pending, under review, cancelled, etc.

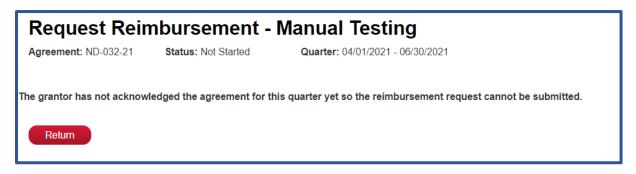


If you click on any of the businesses/employers listed in the "Agreements" Dialogue box, it will take you to the main page of what the business/employer can view. To navigate the site for employers, go to Section III. Business/Employer Guide – Navigating the New Jobs System – Employers in this guide.



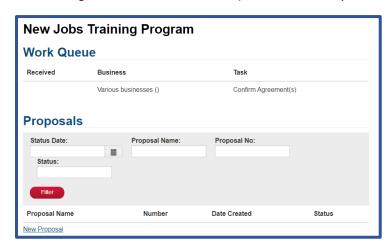
Acknowledging Reimbursements

Each reimbursement submitted by the employer will need to be acknowledged by the grantor. An email will be generated and sent to the grantor's email address listed in the New Jobs System. An employer will receive the following message on their reimbursement until the grantor acknowledges the reimbursement:



To acknowledge the reimbursement, sign into the New Jobs System with the State of ND Login you created. If you do not have a State of ND Login, follow the steps in Section II. Creating a State of ND Login located in this guide.

Once you are signed into the system, you will see the reimbursement(s) listed awaiting your acknowledgment in the Work Queue (click on the task you want to complete):



To acknowledge the reimbursement(s), you will need to confirm you are still the grantor for any agreements listed under "Confirm Agreements." Click "Save" when you are finished, and the reimbursement will get sent to the ND Tax Department.

Reimbursements will not be processed until the Grantor has acknowledged each reimbursement that the employers submit.

