Program Description

I. Catalog of Federal Domestic Assistance (CFDA) Number: 17.261

II. Program Goals and Objectives

The Industry-Driven Skills Training Fund ("Training Fund") Grant Program provides grants to State Workforce Agencies to form partnerships with eligible employers in key industry sectors that apply for outcomes-based reimbursement for actual training costs associated with providing skills training to their employees. The training fund represents a public-private partnership between the grantees and employers where employers play the leading role in defining in-demand skills and delivering the training programs aligned to industry needs.

Applicants must propose a model to award funds to employers for training and retaining new or incumbent workers in high-growth and emerging industries critical to American competitiveness and drive economic resurgence. Priority industries include, but are not limited to, in-demand skilled trades including shipbuilding occupations, occupations essential to the buildout of artificial intelligence (AI) infrastructure, advanced manufacturing, nuclear energy, domestic mineral production, and information technology including AI. The Department of Labor (the Department) will award at least $5 million of grant funding to support training in the shipbuilding industry. The Department encourages applicants to align their projects with the talent development strategies in their Workforce Innovation and Opportunity Act (WIOA) State Plans.

Applicants must provide a project narrative that addresses the following:

- the target critical industry(ies) for the grant program;
- the anticipated service area for the grant program (e.g., state-wide, targeted local workforce areas, specific counties);
- alignment of the proposed project to the state's workforce development strategies, including those in the WIOA State Plan as relevant;
- the strategy for implementing and managing the Training Fund grant (e.g., procurement through a subrecipient, partnering with an educational institution, or other training provider, and/or collaboration with existing industry partnership(s)) with an emphasis on transparency, accountability, and data-driven outcomes;
- the planned approach to identify and recruit employers within the target industry(ies) who are seeking to build pathways to fill critical vacancies;
- the plan to ensure the use of training strategies aligned to industry skill demands;
- the planned strategies and processes that will be used to assess employer eligibility; and
- past experience administering workforce training programs that included training participants and employer engagement and how that experience will be leveraged to operate a grant under this funding opportunity.

III. Eligibility

A. Eligible Lead Applicants

The lead applicant will serve as the grantee and have overall fiscal and administrative responsibility for the grant. Eligible lead applicants for this funding opportunity are limited to State Workforce Agencies, defined as state agencies responsible for developing statewide workforce policy and administering the state's WIOA title I programs.

Applicants are ineligible to apply if their State Workforce Agency falls into any of the following categories:

- For any active grants, is formally designated by the Department's regional office as "at-risk"
- Is on a grant drawdown restriction for another Department of Labor grant

The lead applicant must have the organizational capacity to:

- Collaborate with the Department to finalize the Statement of Work (SOW);
- Carry out and/or oversee the programmatic functions of the grant;
- Receive and respond to all inquiries or communications from the Department;
- Oversee and manage all expenditures under the grant with an emphasis on transparency, accountability, and data-driven outcomes;
- Withdraw or draw down funds through the Department of Health and Human Services - Payment Management System (HHS-PMS);
- Submit all required deliverables;
- Amend the grant agreement or SOW as necessary;
- Collect, synthesize, and report data received by employers for all training participants to the Department;
- Coordinate with the national evaluator, as needed, if selected by the Department to participate in a grant program evaluation; and
- Work with the Department to close out the grant.

See also **Section IX. Funding Restrictions, Policies, and Limitations** to learn more about lead applicant requirements.

B. Eligible Employers

Applicants will use grant funds to form partnerships with eligible employers and reimburse those employers for training costs as described in **Section IX. Funding Restrictions, Policies, and Limitations.** Grantees can identify eligible employers throughout the period of performance of the grant and must describe their policy for identifying and validating the eligibility of employers in the grant application and the final SOW.

Employers eligible to participate and receive training cost reimbursement from the grantee must:

- Operate within the grantee's state and targeted service area;
- Conduct business in one or more of the key industries identified by the grantee;
- Commit to recruit and train new hires and/or upskill current employees;
- Identify employee training needs;
- Collaborate with the grantee to develop a training strategy to meet the employee training needs and identify how the training will be provided (e.g., in-house training, third-party training provider, or a combination) and the total training cost;
- Ensure that training provided to employees aligns with the industry skills needed; and
- Agree to report training and employment outcomes to the grantee for the purposes of reimbursement and grant reporting requirements and provide necessary data to the state to calculate employment outcomes.

Employers are responsible for 1) assessing critical industry workforce development needs; 2) determining necessary skills and credentials; 3) identifying the appropriate training and working collaboratively with the grantee to develop it; 4) providing training or partnering with a training provider to do so, as applicable; and 5) recruiting employees and new hires and assessing for eligibility to participate in training that leads to skill gains and career advancement.

C. Eligible Training Participants

To be eligible to participate in the training, an individual must be:

- A newly hired or incumbent worker who is employed with a participating employer seeking reimbursement, and
- At least 17 years old and not currently enrolled in secondary school within a local educational agency.

IV. Expected Performance Outcomes

The Department will use the following tracking indicators and outcome measures to assess program progress and impact:

A. Tracking Indicators:

- Total number of participating employers
- Total number of participants who are newly hired employees
- Total number of participants who are incumbent workers

B. Outcome Measures:

- Total number of participants who complete training
- Total number of participants who complete training and earn a recognized postsecondary credential
- Total number of participants who complete training that are retained in employment with the same employer for six months
- In addition to the tracking indicators and outcome measures listed above, grantees will also report on the following WIOA primary indicators of performance for participants through the Workforce Integrated Performance System (WIPS):
    - Employment Rate – 2nd Quarter After Exit
    - Employment Rate – 4th Quarter After Exit
    - Median Earnings – 2nd Quarter After Exit
    - Credential Attainment

Details about grant reporting requirements are described in **Attachment IV. Performance Reporting Requirements.**

V. Reporting

Grantees must follow the Department's reporting requirements for quarterly financial and performance reports. Details about grant performance reporting requirements are described in **Attachment IV. Performance Reporting Requirements.**

VI. Availability of Funds and Award Information

The Department anticipates the availability of approximately $30 million for the initial round of funding to award 5-10 Training Fund grants. Applicants may apply for grants ranging from $3 to $8 million. Awards made under this TEGL are subject to the availability of federal funds. If additional funds become available, the Department may use such funds to select additional grantees from applications submitted in response to this TEGL.

Pending the availability of funds, the Department anticipates that there may be additional rounds of this grant program.

VII. Period of Performance

The period of performance is 45 months with an anticipated start date of October 1, 2025. This period of performance will include a 60-day Project Planning phase to finalize the SOW, budget, and performance outcomes (see **Attachment III. Project Planning Phase Requirements**). The Department does not anticipate period of performance extensions.

VIII. Cost Sharing

This program does not require cost sharing (including matching) funds. Instead, ETA considers any resources contributed to the project beyond the funds provided by the agency as leveraged resources.

State Workforce Agencies (SWAs) are strongly encouraged to contribute leveraged funds to expand the training types offered, integrate training programs with existing state and local workforce development programs, provide supportive services, and/or sustain effective models beyond the life of the grant.

Successful SWA applicants are strongly encouraged to leverage public workforce system resources and expertise to support the development and implementation of the grant project. This may include, but is not limited to, activities such as:

1. understanding and analyzing the need for critical industry skills education and training in the state, including providing relevant sources of data, such as labor market information and other tools or reports;
2. engaging and supporting potential eligible employers to participate in the training program;
3. assessing, identifying and referring candidates to employers for participation in education and training programs;
4. providing supportive services to eligible participants to enable their enrollment, persistence, and completion of training;
5. co-enrolling participants across other federally-funded programs; and
6. collecting, tracking, and reporting participant data to ETA.

Leveraged resources may include, but are not limited to, state funds, Governor's Reserve and other WIOA funds, funds from other Federal investments, and other leveraged non-federal resources, such as resources committed by employers to complement the grant activities.

Please note that the leveraged resources discussed here are separate from how the SWA will determine the maximum training reimbursement and related employer contributions to the training. See Section IX.C below for information on the Eligible Employer Reimbursements.

IX. Funding Restrictions, Policies, and Limitations

All proposed project costs must be necessary and reasonable and in accordance with federal guidelines.

A. Allowable Training Activities

Training programs eligible for reimbursement must offer an appropriate and relevant combination of training and education services and/or work-based learning activities, depending on the needs of the employers in targeted industries. Allowable activities include:

- Classroom and virtual instruction;
- Customized training; and
- Employer-provided work-based learning modes including on-the-job-training.

Note that these Allowable Training Activities do not include supportive services. See **Attachment V. Definitions** for additional details and clarification of terms in this section.

B. Training Costs

A minimum of 90 percent of the grant funds must be used to reimburse employers for allowable training costs, as defined in **Attachment V. Definitions**. The remaining 10 percent may be spent on program operation costs, including personnel, indirect costs, and program implementation costs such as employer outreach, web development, software licenses, hardware, and data management and security.

Example:

- An applicant is awarded a $1,000,000 grant. The grantee is required to use at least $900,000 (90 percent) of the grant award on reimbursements to eligible participating employers for costs associated with training employees. No more than $100,000 (10 percent) of the grant funds may be spent on administrative costs and program implementation expenses.

Employers cannot be reimbursed for training that began or was completed prior to being approved as a participating employer in the Training Fund grant program by the grantee.

C. Eligible Employer Reimbursements

Grantees may use grant funds to reimburse employers for up to 80% of the actual cost of a participant's training. Reimbursements occur in two performance-based payments at the following training milestones:

- Upon training completion by a participant, and
- When the participant has retained his or her job with the employer for six months post-training completion.

The amount to be disbursed at each of the two training milestones must be pre-determined by the applicant. The total amount reimbursed after the second milestone cannot exceed the 80% maximum reimbursable amount.

Example:

A grantee receives a request from an eligible employer for an applicable training program that costs $2,000 per participant. The grantee has proposed a model in which participating employers receive 50 percent of the maximum reimbursable amount when the participant completes the training program and the remaining 30 percent when they have met the six months post-program completion employment goal.

- The maximum reimbursable amount of the training cost per participant is $1,600 (80 percent of $2,000 total training cost = $1,600).
- For each participant who completes the training program, the employer can be reimbursed $1,000 (50 percent of $2,000 total training cost = $1000).
- For each of the program completers who retain their position of employment for six months, the employer can be reimbursed an additional $600 (30 percent of $2,000 total training cost = $600).

Applicants may propose tiered training reimbursements within the 80 percent reimbursement limit (e.g. higher reimbursement rates, bonus reimbursements, etc.) to incentivize one or more of the following:

- Training that results in an industry-recognized postsecondary credential
- Training of newly hired workers
- Small business participation (Under 100 full-time employees)

Example:

A successful applicant decides to provide size-based reimbursements to employers and sets total reimbursement rates as follows:

- 50% for employers with over 500 employees
- 65% for employers with 101-500 employees
- 80% (the maximum reimbursable percentage) for employers with less than 100 employees.

D. Employee Training Cost Reimbursement Ceiling

Grantees must establish a per-employee training cost reimbursement ceiling agreement with employer partners. Grantees may propose the ceiling amount but the ceiling amount must be applied consistently across all employer partners of that grantee.

E. Special Program Design Requirements and Limitations

For models that propose to reimburse employers upon completion of a training program that results in a credential, the credential must be a recognized postsecondary credential, as described in TEGL 10-16, Change 3: *Performance Accountability Guidance for Workforce Innovation and Opportunity Act (WIOA) Core Programs* and Training and Employment Notice (TEN) 25-19: *Understanding Postsecondary Credentials in the Public Workforce System*.

X. Additional Application Requirements

For all other application requirements that apply to this funding opportunity, see the 2025 Funding Opportunity Announcement Application Guide.