

MAINE STATE LEGISLATURE

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Maine Department of Labor
Governor's Training Initiative (GTI)
EDIR Agency Report –CY 2003
The 121st Maine Legislature
October 1, 2004

Overview

The Governor's Training Initiative (GTI), created in 1996 by the Maine Legislature as an economic development incentive program, is dedicated to promoting training and skill development for employees of companies intending to locate, retool, or expand in Maine. The Maine Departments of Labor and Economic and Community Development jointly administer GTI.

This report is submitted to the 121st Maine Legislature in compliance with 5 MRSA § 13070-J "An Act to Encourage Accountability and Return on Investment for Maine Taxpayers from Economic Development Initiatives." This report provides:

- An overview of major program elements and the public benefits resulting from GTI funds,
- A summary of active CY-2003 projects that received \$10,000 or more in reimbursements for employee training and development activities, and
- A brief collection of business responses to the Department of Economic & Community Development regarding the effectiveness of the Governor's Training Initiative.

In calendar year 2003, forty-four companies received reimbursements of \$10,000 or more. The GTI program cycle spans two years, with a new program cycle beginning each July. It is possible, therefore, for companies to receive funding in any one calendar year that may be attached to Program-Year allocations made prior to or after the calendar year for which the EDIR reporting is required. Reportable EDIR reimbursements were applicable to PY'01, PY'02 and PY'03 contracts.

Program Summary

GTI provides training assistance for firms intending to expand or locate in Maine, reorganize a workforce to remain competitive, or upgrade worker skills. GTI provides a tool for the skill development of Maine workers, competitiveness of Maine industry, and viability of Maine communities. GTI applicants must identify the number of new hire and incumbent trainees for which assistance has been requested, and meet the following basic eligibility criteria by the close of their contract period:

- Pay trainee wages of at least 85% of the prevailing local labor market average for the occupation,
- Pay at least 50% of the cost of the employee/trainee's health insurance premium, and
- Commit to long-term operation in Maine.

In addition, GTI funding is awarded only to companies who meet a basic score rated from the following selection preferences:

- *Training quality*
- *Formation of local partnerships*
- *Leveraging of matching fund*
- *Investment in lifelong learning and employee skill development*
- *Increase in local employment and training capacity*
- *Provision of quality employment*
- *Intention to expand or locate in an economically depressed area of the state*
- *History of hiring new labor force entrants, economically disadvantaged individuals, persons with disabilities, and/or dislocated workers*
- *Provision of Registered Apprenticeship training*
- *Return on investment*
- *Results of project denial*

The IRT (Interdepartmental Review Team), made up of members of Maine Department of Labor and Maine Department of Economic and Community Development, score each application according to the above criteria. The IRT is also responsible for policy development and annual review of program impact.

GTI selection preferences encourage formation of employer consortia and provider partnerships for shared workforce development. These partnerships have traditionally resulted in lower training costs to individual employers resulting in increased employer match overall, increase in local training capacity via development of new and exportable training programs from which additional employers can benefit, and expanded use of public and nonprofit vendors for provision of training. Increasing numbers of small and medium companies have initiated new and expanded employee training policies as a result of GTI selection criteria. GTI has been a catalyst for advancement of employee benefits and return on investment for worker training.

GTI is a cost reimbursement program. Contractors must document completion of contract requirements and payment of associated costs prior to receipt of reimbursement. Contractors who cannot do so do not receive reimbursement.

In addition, GTI has implemented a four-part process to ensure program measures are met:

- 1) Analysis of local labor market wages to assure company wage compliance with GTI criteria,
- 2) On-site interview (Site Review) to define the quality of the proposed training project and compile information required for the IRT scoring process,
- 3) Progress Review during the contract period, to assure project progress as planned, and accommodates necessary adjustments to the training plan. The progress review includes an interview with trainees to evaluate the training experience and ensure provision of benefits as stated, and
- 4) Post Training Report submitted by each contractor at project completion to assure required post-training wage levels have been met, and the correct number of new hires and/or incumbent workers have received training.

AGENCY REPORT 2003

PUBLIC BENEFIT

Job Creation

Contractors received reimbursements of \$10,000 or more toward the cost of new hire training anticipated creating 1,565 new positions.

Job Retention

GTI assisted firms with nonroutine skill development required to advance the company competitiveness for growth and survival in Maine. Numerous firms engaged in training projects designed to overhaul outdated processes to better compete on a global scale. Contractors receiving reimbursements of \$10,000 or more toward the cost of incumbent worker upgrade anticipated those dollars would advance worker skills and directly effect retention of 4,838 jobs.

Community Benefits

Many companies accessing GTI assistance have done so primarily to grow skilled workers from their existing labor force. New and effective modes of training delivery have allowed Maine workers to acquire necessary skills while remaining employed. Trainees report the skills they have achieved are not only transferable, but have provided opportunity for upward mobility and pay advances within their existing company, and increased job security.

GTI encourages development of cost effective relationships that maximize public funds, outlive public subsidy, and build local workforce development capacity. Past GTI assisted training projects have resulted in improved environmental conditions, increased worker safety, placement of dislocated workers, and a decrease in public reliance on welfare and other public subsidy programs. GTI scoring prioritizes employers/projects providing opportunities to target populations and projects serving economically depressed areas of the state.

Return on Investment:

Based on planned training projects of those contractors covered in this report:

- Each \$1.00 of allocated funds for new hire training leveraged \$2.54 in private company match.
- Each \$1.00 of allocated funds for incumbent worker training leveraged \$2.78 in private company match.

Seventeen of the forty-four GTI recipients submitting a required EDIR report, planned to provide a wage increase to trainees upon completion of training.

- Average anticipated wage increase for new hires upon completion of training = \$1.99 per hour
- Average anticipated wage increase for incumbent workers upon completion of training = \$1.40 per hour

The following companies received reimbursements of \$10,000 or more during calendar year 2003

Company	N	R	PY01 #	Paid CY03	PY02 #	Paid CY03	PY03 #	Paid CY03	03 Total Paid
Aegis Bicycle	*	*	PY01-076	\$17,850.00					\$17,850.00
Aroostook Mental Health Systems		*			PY02-084	\$10,879.03			\$10,879.03
Aroostook Starch	*				PY02-001	\$69,350.00			\$69,350.00
Ashleigh, Inc.		*	PY01-009	\$25,902.04					\$25,902.04
Barber Foods		*	PY01-013	\$56,320.45					\$56,320.45
Bath Iron Works		*	PY01-068	\$165,002.00					\$165,002.00
Bedard Pharmacy	*	*			PY02-013	\$10,600.00			\$10,600.00
Binax Inc.		*	PY02-046	\$7,900.00	PY02-078	\$2,335.00			\$10,235.00
Creative Apparel	*	*	PY01-007	\$15,400.00	PY01-074	\$29,950.00			\$45,350.00
Cyro Industries	*	*			PY02-006	\$23,377.50			\$23,377.50
Eastern Fine Paper		*			PY02-042	\$138,750.00			\$138,750.00
Foreside Co. LLC	*	*	PY01-056	\$13,404.00					\$13,404.00
Gates Formed Fibre	*	*	PY01-078	\$65,938.00					\$65,938.00
Goodwill Industries NNE		*	PY01-070	\$20,955.00					\$20,955.00
Holman Cooking		*	PY01-019	\$11,796.00					\$11,796.00
Howell Labs		*	PY01-035	\$16,175.00					\$16,175.00
J.S. McCarthy Printers	*	*	PY01-083	\$16,092.25					\$16,092.25
Johnny's Selected Seeds		*	PY01-085	\$43,310.00					\$43,310.00
Keane Inc.		*			PY02-017	\$13,322.00	PY03-004	\$16,167.00	\$29,489.00
Kent Inc.	*	*			PY02-057	\$51,800.00			\$51,800.00
Lincoln Pulp & Paper		*			PY02-027	\$93,802.96			\$93,802.96
Livebridge Inc.	*	*			PY02-035	\$40,163.75			\$40,163.75
Louisiana Pacific		*	PY01-014	\$11,408.50					\$11,408.50
Maine Aviation	*	*	PY01-075	\$37,398.00					\$37,398.00
Maine Oxy		*	PY01-081	\$58,644.01			PY03-012	\$4,500.00	\$63,144.01
Maine Shoe dba Allen Edmonds Shoe		*	PY01-025	\$50,750.00					\$50,750.00
Microdyne Outsourcing		*			PY02-065	\$15,887.00	PY02-080	\$13,392.00	\$29,279.00
Moose River Lumber		*			PY02-069	\$131,900.00			\$131,900.00
Moss Inc.		*	PY01-072	\$37,847.00					\$37,847.00
Nason Mechanical		*			PY02-044	\$11,414.50			\$11,414.50
National Semi Conductor		*	PY01-022	\$45,862.00					\$45,862.00
New Balance Shoe	*		PY01-084	\$61,388.00					\$61,388.00
PHD Consulting	*				Py02-047	\$12,996.16			\$12,996.16
Pheonix Footwear		*			PY02-004	\$21,037.86			\$21,037.86
Redington Fairview General Hospital	*	*			PY02-025	\$32,906.00			\$32,906.00
SAPPI Fine Paper		*	PY01-060	\$40,625.00	PY02-011	\$71,468.55			\$112,093.55
Selegman Data Corp	*				PY02-028	\$67,942.18			\$67,942.18
Superior Concrete		*			PY02-082	\$42,000.00			\$42,000.00
Taction		*			PY02-029	\$32,411.84			\$32,411.84
Telford Group		*	PY01-045	\$8,598.51			PY03-001	\$2,500.00	\$11,098.51
Tibbett's Industries		*	PY01-049	\$57,705.85	PY01-063	\$6,750.00			\$64,455.85
Vic Firth		*					PY03-021	\$10,500.00	\$10,500.00
Wahlcometreflex	*	*			PY02-012	\$35,687.43			\$35,687.43
Windham Millworks	*	*	PY01-088	\$24,905.00					\$24,905.00
Wright Express		*	PY01-062	\$95,460.00					\$95,460.00
44 firms w/ \$10,000 + reimbursements									\$2,020,472.37

EDIR Company Comments Indicating GTI Public Benefits:

Aegis:

Recommends less administrative paperwork, more streamlined process. The GTI investment assisted GREATLY with training of employees.

Allen Edmonds Shoe:

The government should consider increasing the percentage paid for the GTI, it is a necessity for keeping companies in Maine...to put it bluntly I don't believe we could be open today without the lean training that was provided. It completely changed the way we manufacture our product (Provider= MMEP). We are more efficient with less work in progress; we can now better serve our customers. Every employee in the division has completed Lean 101; each department was involved when improvements were made.

Aroostook Mental Health Center:

The GTI staff has been very helpful. With the GTI funds, we have been able to train all of our employees in a wide range of computer technology skills. By enhancing staff's computer skills, the organization has been able to utilize a variety of computerized applications that have allowed us to reduce administrative costs and to enhance service integration across our various service sites.

Aroostook Starch Company LLC:

The training grants were an asset to help people learn more. The assistance provided better prepared the people with skills to make the company competitive. The incentives were vital in education and training workers in the areas both technical and general that were necessary to operational efficiency and profitability.

Ashleigh, Inc.

No suggestions for improvement, everyone was very helpful and professional. The training grant allowed us the ability to cross train our employees, which gave them a better, more well rounded corporate education.

Barber Foods:

We have had 107 associates take at least one college credit course who otherwise might never have done so. We now have 10 associates who have completed our 19-credit "Pathways" program. Barber Foods won the 2004 FAME award for business and education at work. In the year subsequent to grant monies we have expanded it and fully funded it ourselves. We have invested over \$250,000 in this program alone over the three years it has existed. We have enabled the CWL/USM program to survive and expand to 5 other companies. We have added 100 students to the list of those pursuing a college degree in the state of Maine.

Bedard Pharmacy:

The impact on our company has been very positive and beneficial. The knowledge and education has increased productivity with the company and self-confidence in employees. We have accomplished the goals we had set for our company; tech training, team building, customer relations, and computer skills have had a positive impact on our business and employees.

Cousineau Wood Products:

It is a lot of work and takes many hours to apply for the programs. These incentives and reimbursements have kept our company in business. We have created all these jobs at North Anson; company-wide we employ about 75-100 people.

Cyro Industries:

We're very happy with the way the GTI and BETR programs are administered. We have become a more efficient operation, which has allowed us to maintain staffing in a weak economy. It has allowed us to do training and maintain jobs. Staffing levels at the Sanford plant have decreased from 2002 to 2003. The Global Plastics industry is in its worst slump in two decades. The training that GTI has allowed us to complete has kept the staffing reductions to a minimum.

Goodwill Industries of N.N.E.:

This report itself represents a barrier for Goodwill in participating in incentive programs. Goodwill participated in two programs: a Maine Quality Centers (MQC) through Southern Maine Community College (SMCC) and a GTI grant through MDOL. Two reports were requested from two different contacts within Goodwill resulting in duplication of effort. Why not ask for a single report? In addition, the narrative questions are extremely broad and it is hard to know how the information shared will be of benefit. Why not establish measurable targets on which quantifiable data can be shared. It would be most helpful to have specific questions that

Department of Economic and Community Development (DECD) wishes to have addressed built into the contract itself at the outset of the project – then quantifiable data could be maintained and shared at this point. Finally, if this form were available on-line it would save more than two hours of effort to translate it onto a paper form, why not the option of submitting it online?

This grant provided Goodwill's employees with vital training that would not have been achieved without the GTI grant support. Two hundred and eighty employees received direct training from USM's Center for Workplace Learning. In turn more than 300 additional staff members participated in courses led by in-house managers who had been trained through the grant. Implementation of this program has resulted in an improved work climate among a majority of Goodwill's 70 work teams and a noticeable decrease in conflict among employees. The other grant initiative approached the issues from the employees who had recently emigrated from other countries. Twenty-two of these employees participated in an intensive program called "American Workplace Culture" and emphasized communication with coworkers and understanding workplace culture and values. Finally, the curriculum developed from these projects has been ongoing and has been implemented by managers for training new employees and updating existing employees.

Johnny's Selected Seeds:

We had a wonderful experience with GTI but did have some issues finding a good training program to fit our needs. It would be good if we could see other companies' successes with their training programs. The computer training provided to our employees has proven to be a great time saver for all. The management training was extremely helpful. Most of our managers had never had any training, so of course we've seen improvement on their management skills. Our middle level management staff is now far better equipped to deal with the demands of their jobs.

Keane Inc.:

We have been thoroughly pleased with the GTI program and processing. An improvement they recently made was to provide the forms in softcopy. This was a big help for us in completing the form and in our communications with the GTI. Keane experienced several positive impacts from our GTI grants. *First*, we've been able to continue to keep our employees skilled at levels demanded by our Maine clients. This helps the State to keep and attract businesses and employees to add to its community tax base. Providing our employees with opportunities to increase their skills meets their goals for continued professional development and growth, while helping Keane to meet its business goals and remain a viable and successful company. *Secondly*, the GTI grants have helped us to retain our employees. Training is a key employment benefit that our highly skilled technical professionals look for from an employer. Additionally, Keane has built a world-class software development center in its Maine office that has developed and is developing leading edge applications for its clients, including the State of Maine. This is helping to give Maine companies and its government the software systems they need to be successful, thus again adding to the community tax base, while increasing the skills of its workforce.

Louisiana Pacific Corp.

The GTI process worked well and is relatively straightforward. Personnel involved (Jim Williams, Gail Dyer, etc.) are extremely helpful and expedite the approvals and payments. GTI has allowed us to retain skilled labor, install advanced technology and maintain our cost of sales at a competitive level. Without this training, future operations in the state of Maine could be jeopardized. Aroostook County has a serious lack of skilled millwrights and electricians. We retained 14 skilled positions and invested \$23,000 in additional in-house training to upgrade the skills of our current employees.

Maine Aviation Corp.

Allow for a bit more flexibility once a contract is signed. Job creation and training never goes exactly as projected. GTI has helped us to improve the skills of our incumbent employees, enabling us to work on and manage a broader range of aircraft and allowed us to create new positions to accommodate these aircraft. It aided in some moderate growth even when most of the economy was in recession. Wages were increased resulting in a higher community tax base; the increased wages and skill development improved worker retention; the job creation allowed the company to increase business and enrich the community.

Maine Oxy – Acetylene Supply Co.

Please keep the grant availability alive and well in the State of Maine! GTI is of great value to not only small/medium size businesses but to the citizens of Maine as well. Without the grant, we would not be able to maintain the aggressive level of training we are offering our employees now. Receipt of the grant has afforded us the opportunity to maintain our company culture of learning and training. This has allowed continued, aggressive educational processes for all full-time employees. Creating a learning organization culture has contributed to keeping well-educated employees and their families in the state of Maine. We have experienced unsurpassed growth this past year, which we feel can be attributed to a better-educated workforce. Maine Oxy's corporate culture is considered a "learning workplace" where training and education is considered "part of the job."

Microdyne:

It would be helpful to be able to apply for small amounts of recurring up training, as well as the same positions each year. Also, more clear definitions as to what can and cannot be submitted for reimbursement. We were able to retain jobs when one of our clients pulled a contract and substituted another; the up-training dollars we received helped us to offset the cost of retraining.

Moose River Lumber Co., Inc.:

No suggested improvements – very good program. Training management lowered our unit cost and employees and we were able to stay in business, the training taught us to become a low-cost producer.

Moss, Inc.:

I think the process is straightforward. The GTI person assigned to us was very helpful. We experienced some tough economic times in 2002. This grant helped to lessen the blow for the cost of upgrading our worker's ability to use our new info systems. We now use data that is more relevant and helps us to respond quicker to our customer's needs.

Nason Mechanical:

With GTI incentives, not only did we expand the number of employees we could train, but also we trained very cost effectively. The number and range of programs increased significantly; the number of employees participating rose sharply. Employers are VERY enthusiastic about training opportunities. The company's commitment to training is recognized by employees. Training opportunities are one thing that keeps existing employees and attracts new ones. Workforce is more versatile, more flexible, more committed.

National Semi-Conductor:

National invested \$359K in employee training to keep our workforce technically competent, efficient, and competitive. All categories of employees received training, which we consider key to continued success. Our Six Sigma Program launched several teams to analyze manufacturing process efficiencies and to implement operational improvements that will help us maintain our low-cost producer status within National Semiconductor. Given U.S. labor costs comparative to other parts of the world, we can compete successfully only with the right combination of modern equipment, automation and highly skilled workers.

New Balance:

From application process to completion, New Balance has been pleased with the incentive programs and how they are managed. We encourage the state to continue to offer these types of incentives for employers so that Maine businesses can continue to grow and expand in the worldwide market. These incentives have allowed New Balance to continue manufacturing in Maine and continue to employ associates in the manufacturing process.

PHD Consulting:

The GTI program is a great program. I wouldn't suggest any changes at the moment. We would have found it extremely difficult to create any new jobs had we not had the assistance of the GTI program! We have met the purpose; unfortunately, we have not been as successful in job creation and retention as we had hoped to be. However, the employees that were trained did receive skill improvements, which we hope made them more employable.

Redington Fairview General Hospital:

RFGH has no specific improvements to suggest, but would like to commend those that assisted us with the process. Resources were readily available and we appreciate those efforts. The impact of GTI has provided RFGH with the resources to upgrade our labor force skill base.

Superior Concrete:

As a direct result of our incentive, our company streamlined several manufacturing processes allowing us to produce at lower costs, being more competitive across those product lines. The cost of hiring, training, and retaining employees is significantly reduced. Our goal was to minimize costs due to employee turnover while simultaneously eliminating waste in our production processes; both of which were achieved.

Taction aka New England 800:

To allow more flexibility with adherence to the contract, i.e., the contract is specific in that post-training wages of \$10.00/hr must be met for any lead agent that participated in the Train-the-Trainer sessions. However, one agent's performance did not warrant such a raise in pay. Our employees have received high performance and technical skill training which has allowed our business to retain contracts with clients and attract new business. Our company has accomplished the public benefit by obtaining a new contract and

creating jobs. We have also retained our employees by providing educational opportunities for personnel and professional growth and the workforce skills have been upgraded so we can stay competitive.

Telford Aviation:

GTI seems to work fine. We were able to significantly upgrade the skills of a portion of our employees to keep competitive, and accomplished job retention and training upgrades. Job creation did not occur due to inability to create an Airframe and Power educational component.

Vic Firth Manufacturing:

The process and programs are great. Reduced state and federally funded programs aiding manufacturing should be reviewed for impact. We would have completed more had there been more resources available. The training we participated in reduced set-up time in two key operations thereby improving our productivity. We trained plant personnel in analysis methods enabling sustaining of continuous improvement projects. Employment has actually increased due to improved cost competitiveness even though the goal was to keep the company at current levels. The cost reductions have freed working capital so equipment upgrades can be completed further enhancing our position.

Vortechnics, Inc.:

The program is well defined and executed. Support from staff is excellent. Training has allowed individuals to better manage their jobs during growth and change within the company. Also improved overall self-esteem and morale of workers. Vortechnics is a stable and growing company who values and encourages learning by all employees.

Wahlcometroflex:

We reorganized our workplace to remain competitive, created 5S Kaizen teams with ten existing and five new employees, which resulted in approximately \$250,000 in cost savings. We obtained ISO 9001-2000 certification, which improved our management system and customer confidence and relationships. We provided retraining and expanded our workforce from 78 to 115. The sales training tools for continuous improvement resulted in increased sales of: \$8.2M in 2000 to \$14M in 2002. GTI funds have allowed us the opportunity to preserve jobs in Maine and grow the company. We have reached our goal of becoming a world-class leader in technology of manufacture of engineered dampers and are the preferred supplier of Alston Power and Babcock Borsig Power.

Windham Millwork, Inc.:

Both of the programs we utilized have been relatively easy to access and the folks we have worked with have been very helpful and professional. We believe the GTI application has been simplified and will be easier to fill out. These programs have helped us immensely. The GTI program, in our opinion, is the best program in the state. It has allowed us to train our people, allowed us to pay them more, and has helped our company become more competitive against Canadian competition. We have accomplished job creation/job retention and the numbers of employees bear that out. We have invested approximately 110% over and above the GTI training funds and that commitment to training has allowed us to raise expectations and earnings of our team.