

MAINE STATE LEGISLATURE

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Maine Community College System

Maine Quality Centers FY 2014 Annual Report

Summary

The Maine Quality Centers (MQC), a program within the Maine Community College System, was created in 1994 by the Maine Legislature. This Report is submitted to the 127th Maine Legislature’s Joint Standing Committee on Labor, Commerce, Research and Economic Development in compliance with various reporting requirements. The Report is divided into two sections, including major program elements, with a review of the program’s incumbent worker pilot, and a summary of projects active from July 1, 2013 through June 30, 2014. Data regarding MQC projects active during this reporting period includes the cumulative total dollar investment and projected job creation, as well as the actual numbers trained and hired, as of June 30, 2014. The Report’s primary findings follow.

Project Activity

| | |
|--|--------------|
| FY14 Total active projects: | 27 |
| • MQC FY14 project expenditures: | \$758,316 |
| • Total projected MQC investment in active projects: | \$1,667,551 |
| • Total projected job creation: | 431 |
| • Total trained as of 06/30/14: | 493 |
| • Total hired as of 06/30/14: | 151 |
| • Average project wage: | \$17.94 |
| • Total estimate of related private investment: | \$91,318,412 |
| | |
| FY14 Incumbent project subset: | 11 |
| • MQC FY14 project expenditures | \$95,650 |
| • Total projected MQC investment in active projects: | \$187,622 |
| • Number projected to be trained: | 201 |
| • Number trained as of 6/30/14: | 152 |
| • Average incumbent project wage: | \$21.38 |
| • Employer project match: | \$14,335 |
| • Estimate of other related private investment: | \$6,086,640 |

The Program

MQC’s dual statutory mission is “...to meet the workforce education and training needs of new and expanding businesses in the State and provide new employment and career advancement opportunities for Maine people.” The statute defines three primary purposes for the program; *job creation*, *workforce preparation* and *creating partnerships*.

The program's public benefit is to serve the employer's need for additional skilled workers, give trainees portable work skills to compete in today's workforce, and establish and maintain relationships that support regional economic growth.

The program is coordinated by the Executive Director of the Maine Community College System's Center for Career Development, with individual project services delivered by the system's seven colleges. Project funding supports customized training activities, as well as applicant recruitment and screening when appropriate. Most services are provided directly by a community college, although the statute provides for coordination with other education and training providers if necessary. The program's budget for the fiscal year 2014 was \$862,028.

Interested businesses complete an application which is reviewed by the Executive Director for the number of net new jobs and/or incumbent workers, skill level of the positions, wage and benefit levels, training required, possible return on public investment and other pertinent labor market considerations. Once an application is initially given concept approval, the business and a designated community college develop a training plan that defines the customized services and training for the project. The parties sign a Memorandum of Agreement prior to the beginning of any training at which time project funding is set aside.

Two additional project options have been established, in part in response to a lagging economic recovery in employment growth and to meet the training needs of Maine's incumbent workforce. The first responded to discussions with the Maine Legislature's Joint Select Committee on Maine's Workforce and Economic Future regarding the need for greater incumbent worker training options. As a result, the program began in FY14 to pilot incumbent training with a sliding financial match based on the applying business' employment level. Employers with over 100 employees will pay 50% of the project costs, while employers with employment levels between 51 and 100 will pay 25% of costs. Employers with 50 or fewer employees do not have a match requirement.

The second option, allows community colleges that have identified areas of in-demand skill training for unemployed or underemployed Maine residents, to submit applications. An example is the York County Community College non-credit seat project, which is a partnership with local CareerCenters to train qualified referrals in specific non-credit programs, such as Dental Assisting, Paralegal, Phlebotomy, and National Electrical Code Certification courses. After training, the CareerCenters will assist in placement activities. As with all MQC projects, approved business incumbent and college applications resulted in training plans and signed Memorandums of Agreement. Both methods offered training to provide individuals with competitive skills that are in demand by Maine businesses.

Individual projects vary in length, and training schedules frequently cross academic, fiscal and calendar years. Training may include academic credit, if appropriate, and may take place either before or after the business makes a hiring decision. A single project may include multiple cycles of training. Throughout the project, training activities are monitored and adjustments are made as needed.

Program Activities

During the reporting period the MQC program expended \$758,316 on twenty-seven separate projects with locations in nineteen different municipalities. The range of FY14 project expenditures was \$515 to \$159,134 with a median expenditure of \$7,955 and a mean expenditure of \$28,086. The range of total project grant awards, over multiple years, was \$770 to \$319,993 with a median award of \$29,000 and a mean award of \$61,761. In their entirety the projects represent 431 projected new jobs. As of June 30, 2014, 493 people had been trained and 151 hired. The average project wage for all projects was \$17.94. The total MQC investment in the twenty-seven active projects over multiple fiscal years is expected to be \$1,667,551. These projects represent a projected private capital and payroll investment of \$91,318,412.

Eleven projects serving thirteen employers were active in the incumbent worker pilot. A wide range of training was provided by five colleges. Training leading to certification included various Microsoft products, Maine Health Rehabilitation Technician/Community, Elder Care, High Pressure Boiler, Precision Metal Manufacturing courses and National Electrical Code. Other offerings included supervisory training, team building, project management, communication, blueprint reading, customer service, manufacturing efficiency, business writing, math and electromechanical technology.

At the end of the pilot's first year, the projects have trained 152 of an estimated 201 incumbent workers. The average project wage is \$21.38, which is higher than the \$15.58 average project wage for new-hire projects. The projects represent a total MQC investment of \$187,622, which was partially matched with payments of \$14,335 by the participating businesses. The businesses report an additional \$6,086,640 of private investment in capital and increased payroll connected to these projects. The range of MQC investment went from a low of \$770 to a high of \$40,800, with a median award of \$11,445 and a mean award of \$17,057.

The response to the incumbent offering is encouraging, and the mechanics of integrating a new training offering has been minimal, while creating more flexibility in meeting employer training needs. Employers are interested in providing their staff with training in a wide range of areas including specific certifications, other technical or academic areas, and in what are generally referred to as soft skills. Businesses seem appreciative of the opportunity to receive the training support and to work with a community college to explore possible partnerships beyond the initial project. It is expected that additional projects will be approved in FY15 and that the offering will continue into the future.

The attached table summarizes all projects that had spending during the reporting period. Incumbent projects are listed separately and there are cumulative totals for shared measures at the end. Each project is summarized in its entirety and includes the projected total number of new jobs, covered incumbent workers and actual data reported through the end of the fiscal year. Numbers of trainees and hires are project totals and may include numbers from previous years. The year listed reflects the date the project was approved and if another date appears, it represents a project amendment. Individual columns capture both the total value of the project, an expenditure that may be made over

multiple fiscal years, and the actual expenditure level for the reporting period. Training and hiring activity may not yet be reportable for some newer projects. The chart also includes an employer estimate of the value of the planned workforce expansion's increase in annual payroll and capital investment.

At the end of FY14, three additional projects had signed Memorandum of Agreements with a combined obligation of \$190,894, but did not begin in that fiscal year and therefore had no expenditures. The program also had six additional applications with concept approval and discussions are ongoing to finalize training plans. Another five applications were under review.

Maine Quality Centers Annual Report to the Legislature

July 1, 2013 – June 30, 2014

| FY14 EXPENSES | NEW-HIRE PROJECTS | LOCATION | COLLEGE | START DATE | PROJECTED JOBS | # of APPLI-CANTS | # TRAINED ¹ | # HIRED | PROJECTED AVG. WAGE | INVESTMENT | PRIVATE INVESTMENT |
|------------------|--|-----------------|---------|------------|----------------|------------------|------------------------|------------|---------------------|--------------------|---------------------|
| \$3,040 | CM Customer Service Consortium | Auburn/Lewiston | CMCC | 5/27/14 | 32 | 4 | 0 | 0 | \$10.00 | \$32,000 | \$551,193 |
| \$87,715 | Future for ME | Auburn | CMCC | 4/25/13 | 24 | 12 | 7 | 3 | \$13.71 | \$218,000 | \$235,534 |
| \$3,027 | Irving Forest Products | Ashland | NMCC | 6/10/14 | 60 | 24 | 24 | 24 | \$15.00 | \$117,300 | \$34,000,000 |
| \$45,230 | NMCC Commercial Truck Driving | Presque Isle | NMCC | 12/4/13 | 15 | 12 | 12 | 9 | \$12.50 | \$61,350 | \$0 |
| \$22,750 | Mölnlycke Health Care | Brunswick | SMCC | 6/15/12 | 57 | 26 | 44 | 25 | \$18.65 | \$100,000 | \$35,500,000 |
| \$2,754 | SMCC Information Technology | So. Portland | SMCC | 6/16/14 | 15 | 30 | 0 | 0 | \$16.00 | \$51,660 | \$0 |
| \$7,955 | YCCC Non-credit seats | Wells | YCCC | 8/28/13 | 18 | 6 | 6 | 0 | \$13.08 | \$26,305 | \$0 |
| \$114,928 | YCCC Precision Machining | Sanford/Wells | YCCC | 6/24/13 | 12 | 11 | 6 | 1 | \$14.42 | \$124,500 | \$0 |
| \$515 | IDEXX Laboratories | Westbrook | SMCC | 4/18/12 | 35 | 13 | 13 | 5 | \$13.70 | \$22,087 | \$465,000 |
| \$4,537 | Lohmann Animal Health INTL | Winslow | KVCC | 2/11/13 | 12 | 12 | 75 | 12 | \$22.04 | \$17,005 | \$6,654,959 |
| \$73,448 | KVCC Welding | Fairfield | KVCC | 6/18/13 | 24 | 64 | 23 | 19 | \$12.84 | \$127,623 | \$0 |
| \$93,053 | Midcoast Composites | Brunswick | SMCC | 8/29/12 | 24 | 45 | 1 | 1 | \$17.00 | \$179,556 | \$0 |
| \$159,134 | Midcoast Nursing | Brunswick | SMCC | 8/29/12 | 16 | 26 | 11 | 7 | \$21.75 | \$319,993 | \$0 |
| \$6,026 | Moody's Collision Centers | Gorham | SMCC | 9/12/12 | 35 | 35 | 77 | 35 | \$19.10 | \$12,813 | \$1,219,986 |
| \$16,197 | Stonewall Kitchen | York | YCCC | 8/15/13 | 11 | 0 | 13 | 0 | \$15.79 | \$16,197 | \$5,000,000 |
| \$22,358 | YCCC Manufacturing Consortium ³ | various | YCCC | 10/23/12 | 41 | 77 | 29 | 10 | \$13.71 | \$53,540 | \$1,605,100 |
| \$662,666 | 16 | | | | 431 | 397 | 341 | 151 | \$15.58 | \$1,479,929 | \$85,231,772 |

| FY14 EXPENSES | INCUMBENT PROJECTS | LOCATION | COLLEGE | START DATE | PROJECTED TRAINED | # TRAINED | AVG. WAGE | MQC INVESTMENT | COMPANY MATCH | PRIVATE INVESTMENT |
|-----------------|---|--------------|---------|------------|-------------------|------------|----------------|------------------|-----------------|--------------------|
| \$1,594 | CAM Manufacturing | Presque Isle | NMCC | 4/16/14 | 15 | 1 | \$11.83 | \$32,522 | \$0 | \$400,000 |
| \$4,754 | Casco Systems | Falmouth | SMCC | 2/3/14 | 12 | 7 | \$29.13 | \$23,000 | \$0 | \$100,000 |
| \$4,485 | Catholic Charities Maine | Portland | SMCC | 6/10/14 | 20 | 0 | \$14.67 | \$11,445 | \$3,815 | \$0 |
| \$21,235 | Elder Care Specialist Consortium ⁴ | various | CMCC | 10/1/13 | 16 | 11 | \$13.00 | \$21,235 | \$0 | \$400,480 |
| \$4,500 | Maine Medical Center | Portland | SMCC | 2/3/14 | 17 | 13 | \$17.00 | \$4,500 | \$4,500 | \$109,200 |
| \$4,398 | Northeast Coating Technologies | Kennebunk | YCCC | 3/25/14 | 30 | 25 | \$16.13 | \$11,250 | \$3,750 | \$0 |
| \$15,130 | Pierce Promotions | Portland | SMCC | 7/25/13 | 28 | 26 | \$36.16 | \$29,000 | \$0 | \$0 |
| \$8,152 | Portland Mattress Makers | Portland | SMCC | 3/21/14 | 6 | 9 | \$13.83 | \$8,600 | \$0 | \$76,960 |
| \$28,833 | Southworh International | Falmouth | SMCC | 8/7/13 | 28 | 36 | \$32.32 | \$40,800 | \$0 | \$0 |
| \$1,799 | System Logistics | Lewiston | CMCC | 6/13/14 | 6 | 0 | \$21.75 | \$4,500 | \$1,500 | \$5,000,000 |
| \$770 | Verso Bucksport | Bucksport | EMCC | 3/26/14 | 23 | 24 | \$29.36 | \$770 | \$770 | \$0 |
| \$95,650 | 11 | | | | 201 | 152 | \$21.38 | \$187,622 | \$14,335 | \$6,086,640 |

| FY14 EXPENSES | FY14 ALL ACTIVE PROJECTS | TOTAL TRAINED | AVG. WAGE | TOTAL MQC INVESTMENT | COMPANY MATCH | TOTAL PRIVATE INVESTMENT |
|------------------|--------------------------|---------------|----------------|----------------------|-----------------|--------------------------|
| \$758,316 | 27 | 493 | \$17.94 | \$1,667,551 | \$14,335 | \$91,318,412 |

¹The number trained may be greater than the number of projected jobs and applications in projects that train existing workers and new hires.

²Consortium members include: Argo Marketing Group-Lewiston & Great Falls Holdings-Auburn

³Consortium members include: Corning Inc.-Kennebunk, Maine Manufacturing, LLC-Sanford, and Wasco Products, Inc -Wells

⁴Consortium members include: Clover Manor-Auburn, Maine Veterans' Homes-South Paris, St. Mary's Health System-Lewiston