

MAINE STATE LEGISLATURE

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Maine Department of Labor
Governor's Training Initiative
EDIR Agency Report –CY 2005
The 122nd Maine Legislature
October 1, 2006



STATE OF MAINE
DEPARTMENT OF LABOR
19 UNION STREET, P.O. BOX 259
AUGUSTA, MAINE
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JOHN ELIAS BALDACCI

GOVERNOR

LAURA A. FORTMAN

COMMISSIONER

September 7, 2006

The Honorable Ethan K. Strimling, Senate Chair
The Honorable William J. Smith, House Chair
Members of the Joint Standing Committee on Labor
100 State House Station
Augusta, ME 04333-0220

Dear Senator Strimling, Representative Smith and Members of the Joint Standing Committee on Labor:

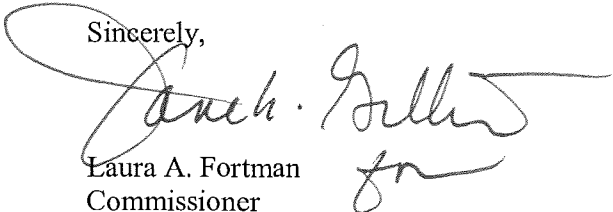
In accordance with 5 MRSA 13070-J, we are pleased to submit the "agency report" for the Governor's Training Initiative (GTI). GTI has been instrumental in the creation and retention of high skill, quality employment for Maine residents since its inception in 1996.

In calendar year 2005, thirty-five companies received GTI reimbursement payments totaling \$10,000 or more. The attached report lists the amounts paid and the anticipated job growth and retention associated with those funds.

Statistics included in this report indicate the public benefit derived from GTI assistance, including actual private dollars leveraged via company match for direct training related activity. A short selection of company comments has been provided representative of responses received regarding company and public benefit.

GTI ensures that the needs of small firms are addressed via the scoring process, and requires applicants to identify the public benefit resulting from proposed training projects. GTI continues to be a primary vehicle for achieving sustainable long-term economic growth for Maine.

Sincerely,


Laura A. Fortman
Commissioner

LAF/cg

cc: Jack Cashman, DECD
Thaxter Trafton, DECD
Larinda Meade, MDOL/BES
Dawn Mealey, MDOL/BES

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 122nd 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-2005 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 2005, thirty-five companies received reimbursements of \$10,000 or more.

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, persons with disabilities, and/or dislocated workers*
- *Provision of Registered Apprenticeship training*
- *Return on investment*
- *Results of project denial*

The Interdepartmental Review Team (IRT), 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 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 2005

PUBLIC BENEFIT

Job Creation

Contractors receiving reimbursements of \$10,000 or more toward the cost of new hire training anticipated creating 366 new positions.

Job Retention

GTI assisted firms with non-routine 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 affect retention of 2,341 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 increased professional development of existing workers, enhance new hire training to encourage workforce development, and to provide above average wages and benefits for all employees. 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 \$1.95 in private company match.
- Each \$1.00 of allocated funds for incumbent worker training leveraged \$2.10 in private company match.
- Average anticipated wage increase for new hires upon completion of training \$1.89 per hour.
- Average anticipated wage increase for incumbent workers upon completion of training \$0.46 per hour.

The following represents comments from some of the companies that received GTI reimbursements of \$10,000 or more during calendar year 2005

Superlative Technologies, E. Machias, ME

(GTI) permits us to provide better training and opportunity for advancement. We have successfully created 37 new jobs with full benefits and above average salaries. All positions are full time and permanent.

Maine Wood Turning, Inc., New Vineyard, Me

We're still in business at Maine Wood, added another division (Iutz File & Tool Co.) and recently bought out a competitor, (Pride Mfg. in Gilford, Me.) and added 41 new employees. Still holding our own and expect to be for years to come.

Wise Business Forms, Inc., Portland, ME

(The GTI) process is streamlined and went well. Receipt of benefit was prompt. GTI gave us the opportunity to roll out Lean manufacturing principles to our associates; thereby reducing non-value added activities and steps in the manufacturing process. We improved our efficiencies and increased productive capacity. We have improved our productive capacity and did not eliminate any positions because of the improvements

Valley Trailers, Fort Kent, ME

The GTI incentives have greatly helped us in defraying the costs involved in training new hires in our effort to increase our work force.

Community Health and Counseling Services, Bangor, ME

Our primary concern is providing safe and competent care to clients. Using the grant money as we have with training in POS ensures timely information availability to staff via the point of service technology, while retaining well-qualified staff in a time where there are nursing and therapy shortages locally and nationally.

Ranor, Inc. Jay, ME

The training that we have conducted has been very successful. The improvement training process has helped our mechanics elevate their proficiency to a point where our warranty calls have been cut in half.

Formed Fiber Technologies, Auburn, ME

GTI has allowed FFT to support employee educational efforts, including company-wide initiatives, such as Six Sigma.

UniTel, Inc, Unity, ME

This funding enabled us to boost and enhance our training programs for our employees in the areas of selling techniques, marketing, advertising, cost recovery accounting and specialized training on our switch. In addition, we were also able to utilize the expertise of Vitalwork, Inc. to help us in the implementation of our Balanced Scorecard process, which involved specialized training of our employees.

CONTECH Stormwater Solutions, Formerly Vortechics), Scarborough, ME

Training allows individuals to better manage their jobs during growth and change within the company, improves overall self-esteem and morale of workers, and enables the organization to provide more value and services to our customers. The programs are well defined and executed

