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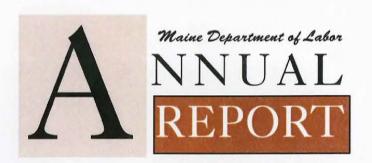
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MAINE DEPARTMENT OF LABOR



2009 Report Governor's Training Initiative

Submitted by the Maine Department of Labor

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HIGHLIGHTS OF THE GOVERNOR'S TRAINING INITIATIVE (GTI) IN 2009

➤ In 2009, companies added over 200 newly-created jobs.

Even in this recession economy, GTI funding enabled companies receiving GTI assistance to create new full-time jobs and hire new employees. This figure may be even higher by the time these contracts end in June.

> GTI helps attract new companies to Maine.

Recently, four out-of-state companies opened new facilities in Maine, creating a total of 1,250 new jobs.

> Businesses continue to pay the majority of total workforce development costs.

In 2009, GTI leveraged \$2.49 for every dollar in awards for a total investment by companies of \$1,976,978 to train 2,189 workers. This was 71% of the overall cost to do training.

➤ GTI strongly encourages companies within the State's "Targeted Sectors" to invest in their workforces.

Sixty three percent (63%) of award recipients are companies engaged in the sectors targeted by the State's economic development strategic plan: financial services, biotechnology, precision manufacturing, aquaculture and marine technology, composite materials technology; environmental technology, information technology, and advanced technologies for forestry and agriculture.

Employees trained under GTI-assisted contracts are receiving at least 50% of their health insurance premiums paid by the company and their wages are at least 85% of the average wages for their job positions in their local labor market area.

These are the statutory criteria for receiving GTI awards. The only exception is for businesses that are under three years old and employ fewer than 25 people. New Hire wages ranged from \$8.98 to \$23.43 and wages for Incumbent trainees ranged from \$9.86 to \$56.16.

> Companies are expanding their capacity to create customized training.

Verso Paper Company's mills in Jay and Bucksport are creating training that's customized to their specific papermaking equipment with help from GTI. This will allow them to train 645 workers in Bucksport and 851 workers in Jay, as well as train all new hires using a standardized training program from now on. It will also lessen their dependence on GTI funding to assist with their training.

EXECUTIVE SUMMARY

This report is in compliance with State Statute Title 26, Section 2031 establishing the Governor's Training Initiative and calling for an annual report by March 1.

There have been 19 contracts written since last year's Annual Report, which reported only eight contracts for 2008, an increase of 42%. With the lifting of the awards amount caps imposed by the Appropriations Committee for fiscal year 2010, there have been more applications and, consequently, more contracts awarded. There is also a wider spread of awards to companies of all sizes, particularly representing businesses employing fewer than 25 employees – defined by GTI as a "small business."

Trends seen in the past are present for 2009: incumbent trainees outnumber new hires; businesses are shouldering the majority of training costs; and companies in the "targeted sectors" represent the majority of awards.

The current economic environment has adversely affected the number of companies able to afford training, the number of new hires they can afford to bring on, and the amount of money GTI has to work with. Nevertheless, the program is continuing to have a positive effect on Maine's workplaces with 211 new positions created, filled with new hires, and training being delivered, even in this time of slow economic gains. Funded wholly with General Funds, the State's 2009 investment in GTI funds of \$794,810 leveraged a private sector return of \$2.49 for every dollar, for a private sector investment of \$1,976,978. This makes the total investment in workforce development of \$2,771,787 to train 2,189 employees.

Overview of the Governor's Training Initiative

The Governor's Training Initiative (GTI) was established by the Maine legislature in 1996 under Title 26, Section 2031, to provide financial assistance for Maine companies to train new workers and/or enhance the competitive skills of existing workers for new technologies, processes, and markets. Jointly administered by the Departments of Labor and Economic and Community Development, GTI promotes workforce expansion, job retention, and new business attraction.

The types of training and services that may receive reimbursement of costs under GTI include technical training, on-the-job training, work competencies, higher education, non-routine workplace safety, workplace literacy, recruitment, assessment, job task analysis, and consortia coordination.

The criteria for receiving program funding are:

- 1. trainee wages that are at least 85% of the average wage for each trainee occupation in the local labor market area;
- 2. an employer contribution of at least 50% of the premium cost of employee health insurance. (Small businesses with fewer than 25 employees who have been in business fewer than three years at the time of application are exempt.);
- 3. a statement of commitment by the employer to long-term operation in this State;
- 4. analysis of the labor market to assure that training for new hires is not approved for any occupation when there is already a sufficient supply of workers trained and available to meet an employer's needs and skill levels.

All applications are evaluated by an Interdepartmental Review Team (IRT) consisting of two members from the Department of Labor (one of which is from the Center for Workforce Research and Information) and two members from the Department of Economic and Community Development. *Selection preferences* are given for the following application elements:

- 1. Formation of a *local project partnership* of employers (partnering to provide cost benefits for training) or training providers (to provide an integrated training plan);
- 2. Employer willingness to contribute a portion of the costs;
- 3. Investment in the *lifelong learning* and skills development of employees;
- 4. An increase in the local *education and training capacity* to support more than one employer resulting from the proposed project;
- 5. Provision of *high-wage or high-skill employment*, employee benefits, and job security;
- 6. Employer intention to expand or locate in economically *depressed areas* of the State;
- 7. Employer willingness to hire new labor force entrants, economically disadvantaged individuals, persons with disabilities, or dislocated workers; and
- 8. Employer willingness to provide a registered *apprenticeship* for current employees or new hires.

When an application receives a sufficient score on the above items, a funding decision is made by the Review Team. Administratively, the award amount is usually split between two fiscal years to accommodate reimbursement that mirrors the scope and pace of the training project.

Types of Training in Demand

"By staying up with the latest technology, our company can maintain a presence in Maine and provide good-paying jobs to its employees."

A computer services company

For the past several years, there have been three types of training that have been the primary focus of GTI applications: Lean, ISO 9000, and customized e-learning curriculum development.

Lean is a concept that started in the manufacturing sector and that has been adopted by all kinds of companies globally; in recent years it has expanded to service-oriented businesses as well. It consists of thoroughly understanding the current state of a company's production/provision of service process, examining where streamlining could occur, and designing a new process that is cost effective and eliminates waste and non-value-added work. Companies that go through this company-wide, comprehensive process have reported significant savings and improved productivity. In the past five years, there have been 35 Lean projects funded by GTI. GTI itself underwent the Lean process two years ago and continues to benefit from that work.

"The training has enabled employees to make manufacturing decisions that result in higher product value."

A manufacturing and services company

ISO 9000 is an international quality documentation program that's mandatory for companies wanting to sell products in the European market and those producing goods for the Department of Defense. In addition, original equipment manufacturers (such as automobile companies and the aeronautics industry) require ISO 9000 certification. More recently, there have been standards developed for environmental compliance and radio frequency identification, among others.

In the beginning of this quality movement, GTI received many applications for training related to obtaining ISO certification. Then, when the 2000 updated version appeared and required additional training, GTI funded those projects as well. Most recently, there have not been as many applications for ISO training, but a new updated version is due out within the year, and companies will need to provide additional training for their workers to maintain certification. Having the ISO certifications enhances Maine's position in the global marketplace and positions Maine companies for competition worldwide.

The last area that has been active is **customized training curriculum development**. Recent technological advancements have made it possible for a company to put together a computer-based training program that uses company-specific content material with pictures of their actual equipment. The computer program can assess current knowledge, track training time, administer tests of subject matter knowledge, and issue internal certifications. This means that a company can do its own training internally, without the cost of outside vendors or company trainers. In the past five years, GTI has funded six such projects. Expanding the capacity of companies to offer training when and where it's needed is a goal of GTI.

"The changes in technology really drive the need for training. For example, measurements are now in parts per trillion."

A manufacturing company

Attracting Businesses to Maine

As part of State-level business attraction, expansion, and retention proposals, GTI has helped encourage major employers to relocate/expand operation in Maine by assisting with training costs. Most states have similar workforce development assistance programs, and the Governor's Training Initiative puts Maine on a more level playing field in the competition for relocation and expansion projects that attract companies to Maine.

The Governor's Training Initiative has fostered and enjoyed an excellent working relationship with Maine & Company to provide a package of services and incentives to persuade companies to either relocate to Maine or open a facility here. In the past few years, successful attraction projects have included: T-Mobile, whose headquarters are in Washington state and who created 700 new jobs; athenahealth's headquarters are in Watertown, MA, and they created 200 new jobs, Boston Financial Data Services from Quincy, MA, brought 150 new jobs, and PlumChoice also from Massachusetts is projected to hire 200 new employees in the next two years.

The Department of Labor's portion of the attraction package includes a dollar commitment by GTI (upon successful application), the Maine Quality Centers, SafetyWorks!, the Maine Apprenticeship Program, and the CareerCenters. These elements are similar to what other states offer companies in their attraction efforts. By being able to offer these state-supported program services, Maine can compete for these new jobs.

"We work with similar programs in states all around the country and we've found this program [GTI] very easy to work with. The process is fluid and clear to understand."

A national firm bringing new jobs to Maine

What does training offer the employee?

Even though the GTI reimbursement goes to the company, the ultimate beneficiary of workforce development is the Maine worker. While companies also pay for the bulk of the training costs and enjoy the fruits of better productivity and cost efficiencies, the expertise that is the result of training belongs to the individual trainee.

One of the quality measures the Review Team looks for in the GTI application review is the portability of skills to be learned. If a company downsizes or closes or the worker moves to a different location, the skills go along with that worker, making that person even more employable. When certifications and licenses are earned, those, too, add to a worker's employability and value in the labor market.

When trained workers stay with their employers, new skills help position the workers for promotions and increased wages. And indirectly, the added viability that these higher skills levels and credentials offer to the company benefit the workers as well, assuring a more stable job environment.

"As a result of the training, we've increased the revenue of both the company and the employees. And we'll be able to stay in Maine!"

A company offering servicing, sales, and manufacturing

Calendar Year 2009

The following table shows the new awards made in calendar year 2009 by company name, size, and workforce investment amount. Also noted are the companies that are included in the targeted sectors emphasized in the statute.

All New Hire training is for employees who are in positions added by the businesses. Even in this time of slow economic gains, there were at least 211 positions added. The final figure may be higher by the time these contracts end in June.

Funded wholly with General Funds, the State's investment leveraged a private sector return of \$2.49 for every dollar of GTI funding in calendar year 2009.

GOVERNOR'S TRAINING INITIAITVE in CALENDAR YEAR 2009

TOTAL INVESTMENT

		COMPANY	GTI AWARD	COMPANY CONTRIBU-	INVESTMENT IN WORKFORCE	NEW	INCUM-	TYPE OF
COMPANY NAME	LOCATION	SIZE	AMOUNT	TION	DEVELOPMENT	HIRES	BENTS	TRAINING
	Presque							
Acme Monaco Corp. ¹	Isle	40	\$1,050	\$15,200	\$16,250	0	3	new equipment training
Bates College	Lewiston	864	\$2,775	\$2,889	\$5,664	0	3	workplace English, safety
Bath Iron Works ¹	Bath	5227	\$40,000	\$510,223	\$550,223	50	0	apprenticeship instruction
Boston Financial Data	Rockland	0	\$121,600	\$280,255	\$401,855	152	0	new hire job skills training
Services ²		(new to ME)						
Central Machine, Inc.1	Winslow	4	\$3,400	\$8,158	\$11,558	1	6	ISO 9000 training for certification
Credere Associates, LLC	Portland	11	\$1,400	\$15,945	\$17,345	0	4	technical skills training
Elmet Technologies, Inc.1	Lewiston	231	\$5,250	\$17,771	\$23,021	0	15	new equipment training
Goodwill Industries of NNE	Portland	1107	\$46,553	\$86,232	\$132,784	0	180	Lean training
Intelligent Controls, Inc.1	Saco	52	\$15,400	\$82,351	\$97,751	0	44	Lean training
KPJ Associates	Kennebunk	17	\$20,257	\$34,061	\$54,318	6	18	advanced skills training
Mathews Brothers ¹	Belfast	138	\$40,250	\$49,123	\$89,373	0	115	Lean training
Meridian Life Science, Inc.1	Saco	34	\$2,800	\$62,138	\$64,938	0	8	Lean/Six Sigma training
PenBay Medical Center		1101						3
0.111		(entire						
Childcare Center	Rockport	hospital)	\$4,880	\$11,231	\$16,111	1	12	advanced skills training
Precision Manufacturing								
Solutions ¹	Biddeford	57	\$58,211	\$181,718	\$239,929	0	54	training for internal certification
Specialty Products Co.1	Whitefield	19	\$5,250	\$10,834	\$16,084	0	15	ISO 9000 registration training
Terri Wright Agency	Yarmouth	2	\$1,050	\$13,950	\$15,000	0	3	sales skills training
Verso Androscoggin, LLC ¹	Jay	982	\$228,826	\$411,253	\$640,0 7 9	0	851	development of customized e-learning
Verso Bucksport, LLC ¹	Bucksport	735	\$194,358	\$170,455	\$364,813	0	645	development of customized e-learning
Wilbur's of Maine ¹	Freeport	10	\$1,500	\$13,19 1	\$14,691	1	2	management skills training
TOTAL			\$794,810	\$1,976,978	\$2,771,787	211	1978	

¹ Targeted Sector: Manufacturing ² Targeted Sector: Financial Services

Contracts in their Second Year

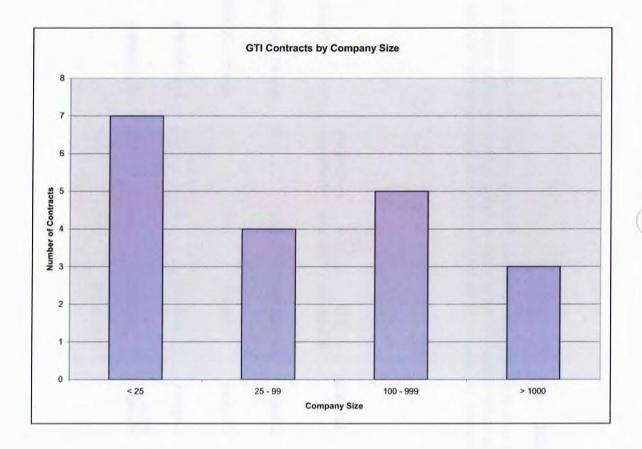
The contracts listed below are in their second year of activity. Training projects typically extend for two years and GTI awards can accommodate this type of large undertaking. The dollar amount shown is the amount that came out of the FY2010 budget allotment. The amount of the total contract was reported in the Calendar Year 2008 Annual Report.

Company	Location	2010 Allotment	New Hire Trainees	Incumbent Trainees	Training
Cianbro Constructors, LLC	Brewer	\$100,000	293	0	new hire job skills training
Cianbro Corporation	Pittsfield	\$146,500	493	0	new hire job skills training
J. S. McCarthy Printers	Augusta	\$20,690	0	123	Lean training
Morris Yachts	Bass Harbor	\$13,125	0	118	Lean training
TOTAL		\$280,315	786	241	

Company Size

In calendar year 2009, small businesses (defined as having fewer than 25 employees) represented 37% of the awards. These companies receive additional scoring points during the application review process, demonstrating additional support to small businesses by GTI.

Historically, in fiscal year 2008, 32% of the awards were made to small businesses. In FY 2009 (the year of the award caps), it dropped to 20%. So far in FY2010, 29% of the awards have been to small businesses. Twenty five percent of the current active applications are from small businesses.



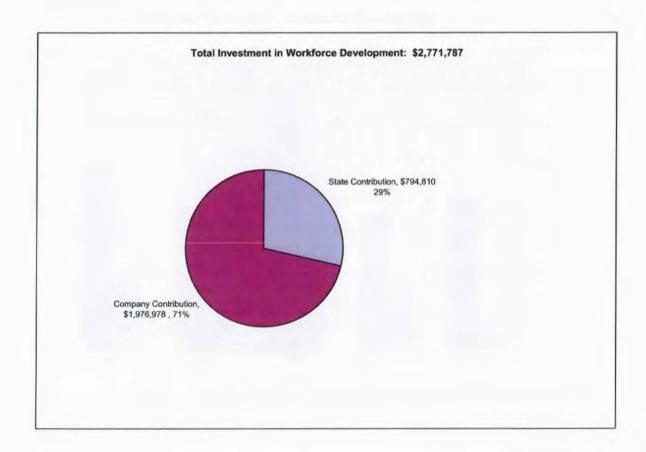
Investment in Workforce Development

As in past years, the businesses are shouldering the bulk of their training costs. This year, the company contributions averaged 71% of the total training costs. The State's investment was \$794,810 or 29% of the total costs. This is consistent with previous years' experience. Taking into consideration the amount of company contribution and the amount requested per trainee, the Review Team keeps awards at a reasonable level.

While the dollar figure per company award may be small in some cases, the awards are making a significant difference between not being able to afford to do training and training that can benefit both the employees and the company's viability.

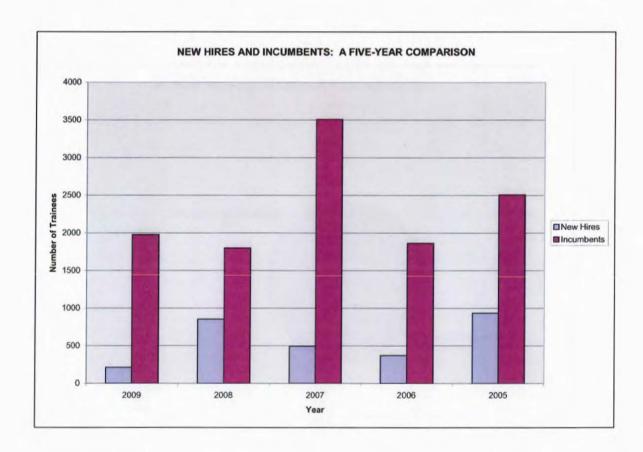
"The availability of training assistance is very important to the future of Maine businesses which are made up of Maine's citizens. It's important to be able to offer training opportunities to employees which we might not be able to afford otherwise."

A custom products manufacturer



New Hire and Incumbent Trainees

This year, as in previous years, the number of incumbent trainees outnumbers the new hires being trained. This is the pattern that has existed since the beginning of the GTI program. While creating new positions is one of GTI's goals, increasing the skills of the incumbent workers is key to maintaining a company's competitiveness and viability in this current economic environment. Looking at the types of training projects that are being undertaken, it becomes evident that streamlining work processing, gaining international certification, and decreasing the cost of production all work to ensure that companies can compete in the global marketplace.



Targeted Sectors

Twelve of the companies awarded GTI funds fall in the "targeted sectors" as directed by Statute. These sectors, defined in the Governor's economic development strategic plan, are:

- Information technology
- Financial services
- Environmental technology
- Composite materials technology
- Aquaculture and marine technology
- Biotechnology
- Advanced technologies for forestry and agriculture
- Precision manufacturing technology.

Manufacturing, again following the trend of past years, received the majority of awards. Nationwide, this sector does more up-skilling and skills enhancement training than any other sector, so Maine's experience is not unusual.

Internal Efficiencies

In calendar year 2009, the efficiencies developed in the previous year in the Lean effort that were undertaken were put to good use as the number of applications increased. Most notably, it has allowed GTI to operate with only one staff person handling the administrative work. Application forms and internal forms were revised and the wage analysis process was streamlined.

Looking Ahead to the Upcoming Year

The most significant factor affecting the Governor's Training Initiative's current work and the work in the upcoming fiscal year is the reduction of funding to the program made as the legislature deliberates the current and next fiscal year's budgets. As of the current date, cuts totaling \$734,000 have drastically reduced the FY2010 allocation (between now and June 30, 2010), and the cuts to date for FY2011 are \$697,957, leaving an available balance of \$234,783 for the entire year to assist companies that are creating new jobs and training employees.

The need, however, remains strong. As of the date of this report, there are active applications received totaling close to \$1 million in requests, representing a potential private investment in workforce development of 2.5 times that amount. The challenge will be to give assistance to companies who are hiring new workers needing training and training their existing employees to meet the changing needs of the marketplace while being restrained by the reduction of available funds.

Conclusion

In calendar year 2009, companies helped by the Governor's Training Initiative were able to create over 200 new jobs and train over 2,000 workers. Even in this difficult economy, GTI funding leveraged 2 ½ times the amount awarded for workforce development. The training these companies engaged in will help them compete internationally and bring more benefit to the State of Maine.

The return-on-investment for the State is clear. As companies struggle to remain viable in this challenging economy, assistance through the Governor's Training Initiative is a key element in businesses' ability to retain workers, create new jobs, and increase the workers' skills. A skilled and knowledgeable labor force helps to attract new business to Maine and keeps Maine businesses competitive and keeps workers working. Unfortunately, the reduction in available funding will drastically limit the program's ability to support this competitive effort.

The following letters speak to the value of the Governor's Training Initiative to Maine companies and to the ability of attract new companies to Maine.



February 18, 2010

Governor's Training Initiative Maine Department of Labor 55 State House Station Augusta, ME 04333-0055

Dear Sir/Madam:

Maine & Company is a private, non-profit organization that seeks to increase jobs and investment in Maine. One way that we accomplish our goal is to attract new business operations to the state. We work with private companies, site location consultants, commercial real estate brokers, and others involved in site location analysis for new business locations.

Our experience shows emphatically that State workforce training programs are vital in the site selection process. Specifically, companies like T-Mobile USA, Boston Financial Data Services, PlumChoice, and athenahealth – to name just a few – would not be employee workers in Maine if programs like the Governor's Training Initiative did not exist. GTI provides direct reimbursement of training expenses incurred by companies. By helping to offset these costs, GTI helps companies control their training costs while also helping Maine citizens upgrade their skills and knowledge.

It is also very important to note that the existence of direct reimbursement of training costs helps Maine compete nationally for business expansion and relocation projects. Virtually all states in the US offer some type of training program. If Maine & Company could not offer companies tools like GTI, Maine would be at a severe disadvantage when competing with other states for new business attraction projects.

T-Mobile USA, for example, announced in 2004 that they were building a brand new, state-of-the-art customer service center in Oakland, ME. As of today, they have approximately 800 employees. GTI was instrumental in helping them accomplish their goal. Additionally, T-Mobile hired the Staubach Company (now Jones Lang LaSalle) to assist with the administration of GTI. The consultants at the Staubach Company/Jones Lang LaSalle advise companies all over the world on where to put their next business location. They work with workforce training programs throughout the entire US and had a tremendous experience with GTI. Angela Carrier, Vice President at Jones Lang LaSalle, says, "The Governor's Training Initiative was very organized, easy to administer, and provided a great benefit to our client (T-Mobile). We have found this to be a distinguishing factor from training programs in other states."

Thank you for allowing me to share Maine & Company's views on the Governor's Training Initiative. GTI provides a dual benefit: to the employers and to their employees. It is an important tool in the competition for business attraction projects.

Best Regards,

Peter DelGreco

Vice President of Operations



Gail Dyer Maine Department of Labor Governor's Training Initiative 55 State House Station Augusta, 04333

February 22, 2010

To Whom It May Concern:

Jøtul is a cast iron wood and gas stove/insert manufacturer in Gorham, Maine. We have been lucky to receive three GTI contracts spanning the last 10 years. These contracts have allowed us to remain competitive in the hearth industry as well as in business through the difficult economy.

Most prominently, we've used the funding to learn how to apply lean manufacturing principles. With consistent training over the years (that we wouldn't have been able to afford otherwise), we have created jobs, we've systematically trained the entire company on lean, and we've elevated the skill of our current workforce in relevant areas. Without question, it's helped us to stay in business as a manufacturer in Maine.

Without the continued funding of GTI and specifically the lean skills it has helped us to acquire, we would have been at risk as a Maine manufacturer. We are a learning organization that understands staying in business involves continuous improvement. That's where GTI has made all of the difference for us in the cost of training to achieve this. We are extremely thankful for our GTI funding!

Please contact me directly should you have any questions.

Sincerely,

Krista Irmischer

HR Manager

Jøtul North America

207-591-6648



22 Albiston Way Auburn, Maine 04210

800-639-1108 Fax (207) 784-5383

Gail E. Dyer Maine Department of Labor 55 State House Station Augusta, ME 04333-0055 February 24 2010

Dear Gail,

Many companies have asked us over the years what are the benefit of the Governor's Training Initiative (GTI) program. Their second question is usually related to the application and reporting process and is it really worth all the effort. I simple state that if a Maine based company does not participate in the GTI program it's their loss. I further explain that the ongoing GTI program has been one of Maine Oxy's most successful training initiatives. The GTI program has been instrumental in the growth of Maine Oxy.

Maine Oxy is proud to be a Maine based company in our 80th year of business servicing our customers. Our employees dedication and commitment to our customers is a core principle of our business. Education, training and lifelong learning are a strong part of our culture. The GTI program has allowed Maine Oxy to retain and hire quality employees which is critical to our business. In 80 years of business Maine Oxy has never had a layoff. Even in these trying economic times Maine Oxy has prospered and grown. We opened our newest branch location in Jan. 2010 with another branch opening scheduled for mid this year.

Maine Oxy and our employees feel very fortunate to be involved with the GTI training projects. Over many years we have implemented many successful GTI training projects including: Computer training, Supervisor manager training, Management training, Strategic selling, Employee Stock Ownership Program training (ESOP). Industry specific training: including Specialty gas process training, Inventory management and Value stream mapping. We look forward to continuing our relationship with the GTI program. Please don't hesitate in contacting any of us to advocate for the continuation of the Governors Training Initiative program, either at the state house or at any Maine based company.

Sincerely

Carl Paine

Business Development Manager



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February 17, 2010

Ms. Gail Dyer C/o Governor's Training Initiative 55 State House Station 55 Augusta, Maine 04333

Dear Gail,

I am writing to express to you how effective the GTI funds and process have been to the Lee Auto Malls over the last several years. Lee has benefited substantially from the receipt of GTI funding for a variety of training programs that simply would not have been done except with the GTI funding. Specifically, we have done two phases of Management Development training for our managers to help move them and our company forward. We are fortunate to have continued to grow despite tough economic times and the benefits of our GTI-funded training has been integral to our continued success.

The GTI process and funding has been a shining example of how government and business can work well together to move companies forward, expand development and training that would not otherwise occur and enable companies to continue to grow and develop talent. Thank you and the GTI staff for outstanding service and assistance to the Lee Auto Malls.

Sincerely,

ohn Isaacson

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