

MAINE STATE LEGISLATURE

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2010 Report
Governor's Training Initiative

March 2011

Submitted by the Maine Department of Labor

EXECUTIVE SUMMARY

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

In 2010 a total of 21 companies benefited from the GTI program with which 11 new contracts were written. ***Net new jobs created in 2010 totaled 329, a 64% increase over the 211 new jobs reported in 2009 GTI Annual Report.***

Training for 708 incumbent workers in 2010 was strongly focused on technical and advanced skills instruction. This was equally evident between all the 11 new companies who range in size from eight to 1630 employees. Of note was the great emphasis on information technology training with the majority of companies investing in some form of new software programs with a host of applications. Leadership, supervision, and advanced management were also common themes in the scheduled training agendas. Industry-recognized certifications in CAD design, welding, refrigeration, air conditioning, and gas engines were also obtained with GTI support as was certification in several ISO applications. On-the-job training for new hires also involved a higher degree of instruction in entry level skill sets indicating a need to address the sparse or lack of knowledge necessary to produce a more sophisticated product or service.

The global recession appears to continue to have a fiscal impact on Maine companies as is witnessed in the now limited amount of funds that companies historically invest in their workforce. In spite of these financial challenges, \$700,410 in GTI funds leveraged \$3,293,174 in private investment for a total of \$3,993,584 spent in new workforce development efforts in 2010.

In the 11 new contracts, for every GTI dollar spent, industry brought \$4.70 to the table. Combining net new jobs with the number of incumbents also trained in these contracts, the 100% general funded GTI program invested \$675.42 in advanced, non routine training for each of the 1,037 Maine residents that benefited from new GTI activity in this reporting period.

Overview of the Governor's Training Initiative

The Governor's Training Initiative 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, computer assisted instruction, consortia coordination and other non-traditional learning initiatives.

The criteria for receiving program funding are:

- 1) Post training 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. (Note: Businesses employing 25 or less full-time employees who have been in business fewer than three years at the time of application are exempt from this criterion.)
- 3) A statement of commitment by the applicant company to long-term operation in Maine.
- 4) The completion of an analysis of the local labor market to assure that training for new hires is not approved for any occupation where there is already a sufficient supply of workers trained and available to meet an employer's needs and skill levels.

All GTI applications are evaluated by an Interdepartmental Review Team (IRT) consisting of two members from the Department of Labor and two members from the Department of Economic and Community Development. In addition to the criteria stated above, the IRT also awards selection preference to an applicant that substantiates one or more of the following at the time of application:

- 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* at least 50% of the cost of training.
- 3) Demonstrated 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 training 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*.
- 8) Employer willingness to provide a registered *apprenticeship* program for current employees or new hires.

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

Targeted Sectors

GTI gives preference to companies that fall within one of the targeted sectors as defined in the state's current economic development strategy plan:

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

Not surprisingly, computerization and globalization are driving technology demands in all sectors and in 2010 specifically within Maine's manufacturing companies. As experienced in the last calendar year, precision manufacturing represented the majority of companies awarded in 2010 with the information technology sector coming in second.

Calendar Year 2010 Activity

The following table details the awards made in calendar year 2010 by company name, location, size, workforce investment amount, employees trained and type of training. Also noted is the sector association of each company. Following the table are selected analyses of the data displayed.

**GOVERNOR'S TRAINING INITIATIVE
NEW CONTRACTS AWARDED in CALENDAR YEAR 2010**

COMPANY	LOCATION	COMPANY SIZE	GTI AWARD AMOUNT	COMPANY CONTRIBUTION	TOTAL INVESTMENT IN WORKFORCE DEVELOPMENT	NEW HIRE TRAINEES	INCUMBENT TRAINEES	TYPE OF TRAINING
Arundel Machine ¹	Arundel	43	\$18,887	\$23,833	\$42,720	0	39	technical skills training
Cianbro Corporation ¹	Pittsfield	1630	\$299,675	\$1,692,021	\$1,991,696	175	208	new hire job skills training
Electronic Mobility ¹	Augusta	13	\$7,265	\$37,473	\$44,738	9	4	new hire job skills training
Evonik Cyro LLC ¹	Sanford	146	\$5,775	\$11,806	\$17,581	0	12	technical skills training
Geiger Brothers ^a	Lewiston	315	\$176,029	\$464,736	\$640,765	15	278	new hire & technical skills training
Hewes & Company ^b	Blue Hill	35	\$8,179	\$24,084	\$32,263	0	22	technical skills training
IBM ²	Portland	115	\$45,750	\$155,518	\$201,268	0	110	advanced skills training
Pelletier Manufacturing ¹	Millinocket	9	\$6,000	\$17,310	\$23,310	4	5	technical skills training
PlumChoice ²	Scarborough	125	\$106,250	\$284,355	\$390,605	125	0	new hire job skills training
System Logistics ¹	Lewiston	100	\$23,400	\$575,600	\$599,000	0	26	advanced skills training
Wayfarer Marine ^c	Camden	39	\$3,200	\$6,438	\$9,638	1	4	new hire & technical skills
			\$700,410	\$3,293,174	\$3,993,584	329	708	

¹ Targeted Sector: Precision Manufacturing

² Targeted Sector: Information Technology

^a = promotional specialty products with light manufacturing

^b = high end commercial and residential construction

^c = marine trades full service including component manufacturing

Contracts in their Second Year

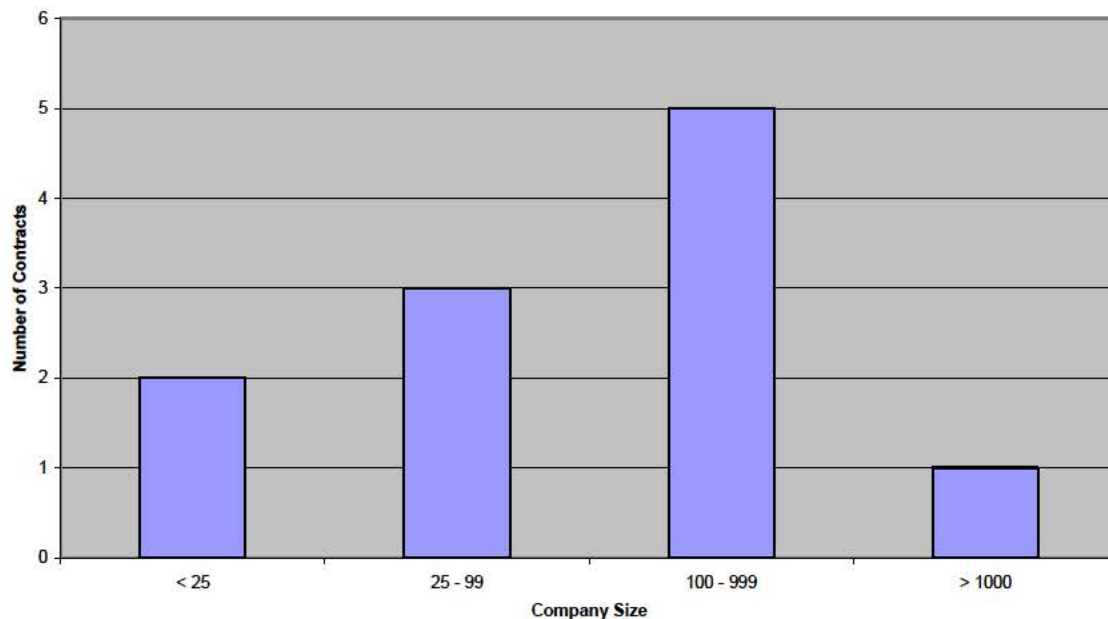
The contracts listed below are in their second year of activity. Training projects typically extend over a two-year period and GTI awards are budgeted to accommodate this length of activity. The second year amounts listed come out of the FY2011 GTI budget allotment.

Company	Location	GTI Contract Award	Second Year Allotment	New Hire Trainees	Incumbent Trainees	Type of Training
Acme Monaco	Presque Isle	\$1,050	\$50	0	3	technical
Athena Health	Belfast	\$71,211	\$21,211	123	0	technical, job specific
Bath Iron Works	Bath	\$40,000	\$30,000	50	0	technical, job specific
Central Machine	Winslow	\$3,400	\$1,700	1	6	technical, high performance, quality standards
GE Security	Pittsfield	\$113,000	\$13,000	0	226	technical, high performance, quality standards
Intelligent Controls	Saco	\$15,400	\$400	0	44	quality standards
JSI Store Fixtures	Milo	\$5,400	\$400	0	6	technical, job specific, quality standards
KPJ Associates	Scarborough	\$20,257	\$10,000	6	18	job specific, safety
Lanco Assembly	Westbrook	\$47,600	\$7,600	0	85	technical, high performance, quality standards
PlumChoice	Scarborough	\$106,250	\$9,375	125	0	technical, high performance, quality standards
Precision Manufacturing	Biddeford	\$58,211	\$38,211	0	54	technical, job specific, quality standards
Specialty Products	Whitefield	\$5,250	\$250	0	15	technical, high performance, quality standards
TOTAL		\$385,329	\$132,197	305	457	

Company Demographics

Companies awarded GTI contracts in 2010 are spread across eight of Maine's 16 counties and range in age from start-up to what can be classified as mature. The precision manufacturing sector was represented again this year by the majority of companies with a good number of these companies reporting international sales on their GTI applications. Five of the 11 new companies fall within the 100 to 999 employment range, however actual employment lies on the lower end of the scale and within the 100 to 315 employee spread. The smallest companies to receive GTI in 2010 were both start-ups with only 1 to 2 current staff at application. Once job creation was met, they reported out at nine and 13 full-time employees respectively.

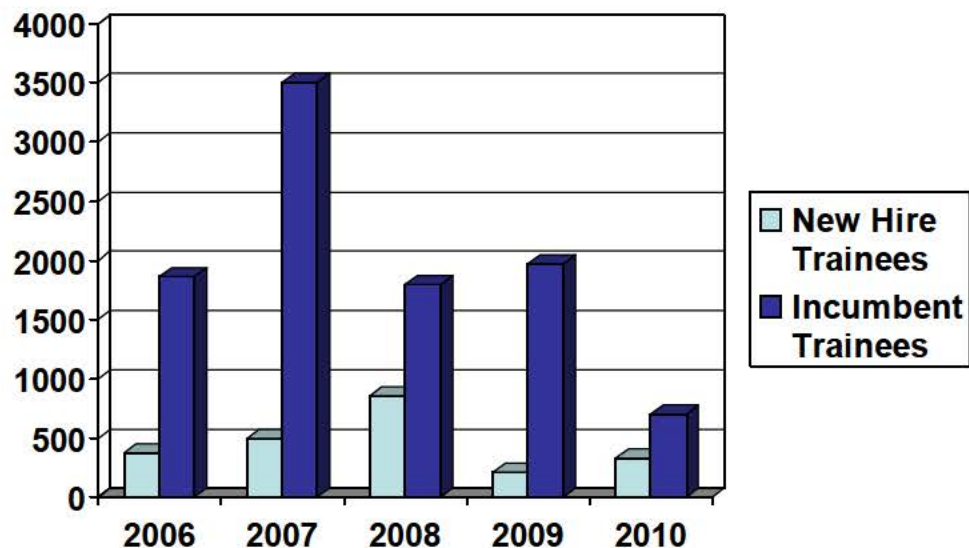
**Total Number of 2010 GTI Contracts Awarded
by Company Size**



New Hires and Incumbents

This year as it has been the standard in the past, the number of incumbent trainees is greater than the new hires being trained. While the creation of new positions is one of GTI's goals, increasing the technical skills of incumbent workers is also key to maintaining any company's competitive edge and sustainability. Reflecting on the types of training projects that took place or were started in calendar year 2010, it becomes evident that streamlining work processing and decreasing the cost of production not only positions these companies to better weather the unpredictable economy, it also equipped a total of 1,037 Maine citizens with enhanced and transferrable skill sets.

GTI ASSISTED NEW HIRE AND INCUMBENT WORKERS: A FIVE-YEAR COMPARISON

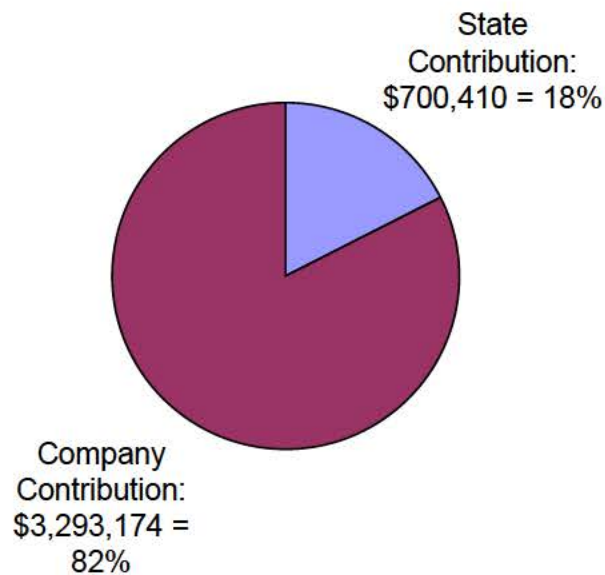


Investment in the Maine Workforce Development

In keeping with past trends, Maine businesses absorbed the greater amount of training costs proposed in the new 2010 GTI contracts. This year company contributions averaged 82% of the total training investment of \$3,993,584. The state's investment was \$700,410 or 18% of the total projected costs.

As in the past several years the IRT awarded successful applications on a per employee basis and in most cases approved between \$500 and \$800 per trainee.

Total New Investment in Workforce Development = \$3,993,584



In many cases the injection of GTI funds made a significant difference between companies not being able to afford the proposed and much needed training and positioning themselves in a more sustainable and competitive position.

Types of Training in Demand

GTI reimbursements are extended to companies after proof of successful completion of training and payment of related costs. Even though these funds flow to the company, the ultimate beneficiary of state supported workforce development is the Maine worker. While companies pay the bulk of the training costs and then benefit from better productivity and cost efficiencies, the advanced skill sets and enhanced employability that results from training belongs to the individual trainee.

The new 2010 GTI contract activity funded a multitude of information technology training around company acquisition and implementation of first time software programs. Some of these programs included SAP (enterprise-wide information system), Oracle/Tivoli (infrastructure management), AIS (Asset Inventory Service) and AIM (Advance Information Management). Other software training included “Crystal Reports,” Adobe Creative Suite, ERP (Enterprise Resource Planning), CAD Advanced, as well as on-the-job company specific information technology training.

Mid-management leadership and senior level management training was also completed in 2010 with GTI assistance. ISO certifications in AS9100, ISO13485 and ISO9001, 2008 revisions were also obtained. On the other side of the training spectrum, GTI supported advanced welding classes as well as air conditioning, refrigeration, and gas and marine engine repair training as well as CAD drafting. Successful completion of these specific courses resulted in industry recognized certifications.

Attraction and Incenting Investments in Maine

As part of the state-level business attraction, expansion, and retention activities that usually result in the creation and presentation of formal development proposals, GTI has a history of helping encourage employers to relocate and/or expand operation in Maine by assisting with training costs. Since all states across the nation now provide similar workforce development assistance programs, *the GTI program puts Maine on a more level playing field whether competing to attract new companies to Maine or incenting Maine companies to increase investment in the State.*

In calendar year 2010 GTI was essential in attracting the relocation of an out of state company resulting in the creation of 13 net new positions to date. The majority of this company’s production is the direct result of a growing number of federal and international contracts which is driving additional new job creation projections in the near future. The calendar year 2010 also saw the second contract for a Maine & Company assisted expansion project which continues to recruit and train a second wave of 125 net new positions.

Change in ownership from a domestic to an international parent company required a GTI recipient to invest in a globally utilized automated inventory control software program. If the Maine company was unable to successfully implement the new program its continued presence in the state was precarious at best.

Internal Administration

In calendar year 2010 the GTI program was fully administered by one staff person. During the application processing period staff also coached applicant companies to analyze and act on additional long term workforce development strategies which often led to the introduction and utilization of other state labor programs such as the Maine Apprenticeship Program, Targeted Training Initiative, Maine's Job Bank, and SafetyWorks!. On several occasions in 2010 staff was invited to present an overview of state workforce development resources to groups such as association organizations, local chambers, and regional economic development agencies.

Conclusion

In the calendar year 2010 11 companies assisted by the Governor's Training Initiative were able to create 329 new jobs and train a total of 1,037 workers matching \$4.70 for every GTI \$1 extended. The return on investment is clear.

As companies struggle to remain viable in a continually challenging economy, assistance through the Governor's Training Initiative remains a key element in the state's ability to retain workers, create new jobs, and increase workers' skill sets. A skilled and knowledgeable labor force helps to attract new business to Maine while keeping Maine businesses competitive and Maine citizens working.

As of the end of February 2011 there is another round of 11 new GTI applications currently being processed totaling a *potential GTI request of \$264,569 to be matched by a projected industry investment of \$525,872 for a proposed total investment of \$790,421* in the Maine labor force. These 11 applications are proposing advanced non routine training for an aggregate *141 new hires and 286 incumbent workers.*