

MAINE STATE LEGISLATURE

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Maine Quality Centers 1999 Program Report

Summary

The Maine Quality Centers (MQC) was created in 1994 by the Maine Legislature as an economic development program within the Maine Technical College System. This report is submitted to the 119th Maine Legislature, Second Session, and the Economic Development Incentive Commission in compliance with various reporting requirements. The report is divided into three sections covering major program elements, a summary of projects active during 1999 and a summary of business responses to a Department of Economic and Community Development (DECD) survey. Data regarding MQC projects active in 1999 includes their total dollar investment, projected job creation as well as the actual numbers trained and numbers hired, even if the activity may have occurred in a previous year. The DECD survey was directed to businesses with 1999 MQC project expenditures greater than \$10,000. The report's primary findings follow.

Project Activity

Active 1999 projects:	45
• 1999 MQC project expenditures:	\$1,214,179
• Total MQC investment in active projects:	\$4,985,739
• Total projected job creation:	3,628
• Total trained as of 12/31/99:	4,380
• Total hired as of 12/31/99:	3,758
• Average project wage:	\$9.58
• Total estimate of related private investment:	\$1,045,190,891

1999 DECD Business Survey Results

Businesses with project expenditures greater than \$10,000:	27
• Businesses meeting 1999 reporting requirement:	27
• Reported 1999 full-time hires & retentions due to incentives:	1,106
• Estimated average wage:	\$10.16
• Reported 1999 net full-time employment increase:	1,200
• Reported 1999 business training investment:	\$7,563,405
• Reported 1999 business capital investment:	\$186,611,333

The program

The program'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 is designed 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 a State Director with individual project services delivered by one of the seven colleges of the Maine Technical College System. Project funding supports customized training activities as well as applicant recruitment and screening when appropriate. Most services are provided directly by a Technical College although the statute provides for coordination with other education and training providers if necessary. The program's FY00 budget is \$1,236,000.

Interested businesses complete an application which is reviewed by the State Director for the number of net new jobs, skill level of new positions, wage and benefit levels, training required, rate of return on public investment and other pertinent labor market considerations. Once an application is initially approved the business and the Technical 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.

Individual projects vary in length and training schedules, and frequently cross academic, fiscal, and calendar years. Training may include academic credit if appropriate and can occur either prior to or after the business makes a hiring decision. A single project may include multiple cycles of training. Throughout the training the Technical College and the employer monitor the project and make adjustments as required.

Program activities

During 1999 the MQC expended \$1,214,179 on forty-five separate projects, with at least one project at each of the State's seven Technical Colleges. The range of project expenditures in 1999 was \$166 to \$118,469 with a median expenditure of \$16,382 and a mean expenditure of \$26,982. In their entirety the projects represent 3,628 projected new jobs. As of December 31, 1999, 4,380 people have been trained and 3,758 hired in these projects. The average project wage was \$9.58. The total MQC investment in the forty-five projects over multiple fiscal years is \$4,985,739. The projects represent a projected private capital and payroll investment of over \$1 billion.

The attached table summarizes all projects that were active in calendar year 1999 even though there may have been activity in previous years. Each project is summarized in its entirety and includes the projected total number of new jobs and actual data reported through the end of the calendar 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 calendar year 1999. 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 of annual payroll and capital investment.

Projects requiring additional reporting

A statute adopted in 1998 requires businesses receiving certain economic development incentives, including MQC, with an annual value greater than \$10,000 to submit a report to the Commissioner of the Department of Economic and Community Development. Of the forty-five projects active in 1999, twenty-seven (60%) businesses had project expenditures above the reporting threshold. All twenty-seven businesses filed the required report and a summary of their reports follows. An additional project, consisting of a consortium of several businesses, had expenditures over \$10,000, but since no payments were made to any of the firms, a dollar value for reporting purposes cannot be established. The project is included in the attached summary.

During 1999 the MQC expended \$1,104,161 on the twenty-seven projects. The range of project expenditures in 1999 that were greater than \$10,000 was \$12,262 to \$118,469 with a median expenditure of \$27,253 and a mean expenditure of \$40,894.

Fifteen (56%) of the twenty-seven projects reported receiving no assistance from any of the other six statutorily defined economic development incentives. For the remaining twelve projects, nine (33%) reported utilizing one other incentive, one (4%) reported utilizing two other incentives and two (7%) reported utilizing three additional incentives. The twelve projects utilizing additional incentives had 1999 MQC expenditures of \$536,189. For 1999, six of the twelve reported receiving \$9,500,179 in BETR benefits, six reported receiving \$463,623 in GTI benefits, four reported receiving \$5,397,569 in TIF benefits and one reported receiving \$407,370 in RETC benefits.

The twenty-seven businesses reported a total of 1,106 full-time employees hired or retained due to the incentives. Average earnings are difficult to estimate based on probable inconsistency in business reporting and likely variations in workweeks. Assuming a forty-hour workweek, an average reported wage for projects would be estimated at \$10.16. Overall the twenty-seven firms reported a net employment growth during 1999 of 1,200 full-time workers.

Businesses reported a company training investment of \$7,563,405 and capital investments of \$186,611,333 during 1999. Those stating a public purpose for utilizing MQC cited job creation, job retention and/or training investments, all of which are consistent with the program's statutory mission. Employer comments provided on the DECD survey form were complimentary on the program's impact, performance and return. A complete copy of employer comments is available from the program's State Director.

MAINE QUALITY CENTERS / PROJECTS ACTIVE IN 1999

PROJECT STATUS AS OF 12/31/99

Calendar 1999 Projects	Location	College	Start Date	Projected Jobs	# Trained	# Hired	Average Wage	Calendar 1999 Expended	Total MQC Investment	Projected Private Investment in Expansion
ATX Forms*	Caribou	NMTC	1999	15	11	15	\$8.00	\$13,498	\$22,500	\$390,000
Blue Cross/Blue Shield	Portland	SMTC	1998	54	42	27	\$9.85	\$50,717	\$50,717	\$1,523,340
Brunswick Technologies Inc.	Brunswick	SMTC	1998	25	46	33	\$8.50	\$12,508	\$35,730	\$70,720
Care & Comfort **	Waterville	KVTC	1998	16	20	15	\$8.00	\$2,744	\$20,846	\$280,000
Catholic Charities *	Augusta	KVTC	1998	24	49	39	\$10.17	\$48,875	\$54,000	\$500,000
Crowe Rope**	Winslow	KVTC	1998	9	9	7	\$10.00	\$3,039	\$17,722	\$183,040
Log on America*	Kennbp,Lubec	YC&WCT	1998	67	58	51	\$7.59	\$29,410	\$95,247	\$702,500
Eliot PreSchool**	Eliot	YCTC	1998	10	6	6	\$7.50	\$16,382	\$17,091	\$913,700
Electronic Manufacturing Systems	Westbrook	SMTC	1997,98,99	145	100	64	\$7.75	\$21,943	\$115,917	\$4,464,200
EnvisioNet	Winthrop/Brun	KVTC	1999	390	34	13	\$9.50	\$42,957	\$321,000	\$9,900,000
Edwards System Technology	Pittsfield	KVTC	1999	90	32	72	\$7.75	\$115,472	\$139,500	\$4,000,000
Goodwill Industries**	Portland	SMTC	1998	16	12	12	\$14.50	\$9,628	\$16,772	\$435,432
Hussey Seating	N. Berwick	YCTC	1999	35	25	25	\$9.85	\$66,254	\$90,000	\$717,080
ICT	Oxford,Pitts,W	CMTC	1998,99	225	509	354	\$8.50	\$104,933	\$314,240	\$6,375,000
Interim Health*	S. Portland	SMTC	1999	14	14	14	\$10.00	\$2,227	\$6,050	\$6,105,600
Jackson Laboratory	Bar Harbor	EMTC	1998	230	191	218	\$7.89	\$107,869	\$326,268	\$9,762,760
Johnna Bowen & Associates **	Benton	KVTC	1998	25	56	25	\$7.50	\$9,867	\$33,577	\$492,824
Lemforder	Brewer	EMTC	1996,99	175	104	104	\$7.50	\$45,775	\$177,466	\$25,780,000
Maine Woods Co.	Portage Lake	NMTC	1999	36		66	\$8.30	\$27,253	\$70,000	\$15,000,000
McCain Foods USA	Easton	NMTC	1999	72		78	\$9.35	\$32,367	\$175,000	\$71,988,000
Metal Trades Coalition**	Various	YCTC	1996	217	159	123	\$8.50	\$19,125	\$375,261	\$9,700,000
Moose River Lumber	Jackman	KVTC	1999	30			\$8.54	\$2,660	\$34,750	\$1,550,000
Motivational Services	Augusta	KVTC	1997,98,99	43	36	32	\$8.00	\$16,320	\$59,278	\$166,400
National SemiConductor*	S. Portland	SMTC	1996	450	846	792	\$14.00	\$32,098	\$893,454	\$800,000,000

* Training Complete

** Project Closed

MAINE QUALITY CENTERS / PROJECTS ACTIVE IN 1999

PROJECT STATUS AS OF 12/31/99

Calendar 1999 Projects	Location	College	Start Date	Projected Jobs	# Trained	# Hired	Average Wage	Calendar 1999 Expended	Total MQC Investment	Projected Private Investment in Expansion
Nautel Maine Inc.*	Bangor	EMTC	1999	8	7	6	\$7.50	\$8,998	\$10,440	\$273,000
New Balance	Norway	CMTC	1998	255	391	200	\$8.50	\$34,280	\$244,111	\$4,500,000
N.E. Welding & Fabrication	Auburn	CMTC	1998	30	10	12	\$11.00	\$17,517	\$52,000	\$225,000
Northeast Paper Services **	Portland	SMTC	1998	23	8	8	\$16.00	\$4,427	\$21,398	\$2,750,000
Northern Maine Trucking Consortiu	Presque Isle	NMTC	1999	9			\$14.10	\$6,521	\$21,000	\$329,940
Northern Mattress*	Fairfield	KVTC	1999	12	11	11	\$12.17	\$15,026	\$15,026	\$759,408
Oakes & Parkhurst Glass**	Winslow	KVTC	1998	8	7	6	\$8.78	\$2,186	\$9,910	\$1,272,190
Olamon Industries	Old Town	EMTC	1998	29	10	15	\$8.64	\$8,286	\$50,700	\$1,010,948
Prescott Metal**	Biddeford	YCTC	1998	25	12	12	11.25	\$18,389	\$18,797	\$290,000
Rich Tool & Die	Scarboro	SMTC	1998	39	34	33	\$7.00	\$25,286	\$68,269	\$5,156,560
Richardson & Hollow*	Auburn	KVTC	1999	10	10	10	\$8.50	\$21,940	\$21,940	\$250,000
RMC (Remstar) **	Portland	SMTC	1998	10	3	4	\$11.50	\$8,821	\$22,000	\$300,000
Sitel	Limestone	NMTC	1998,99	300	812	812	\$7.50	\$118,469	\$290,000	\$5,170,000
Somatex	Pittsfield	KVTC	1999	8		8	\$12.29	\$20,811	\$29,000	\$540,000
Spurwink School	Various	SMTC	1997	70	24	16	\$10.60	\$7,041	\$125,000	\$2,207,850
Tambrands**	Auburn	CMTC	1998	164	575	371	\$11.38	\$36,347	\$366,611	\$37,800,000
Techknowledges, Inc.*	Augusta	KVTC	1998	17	14	5	\$14.00	\$7,037	\$31,113	\$250,000
Thomas & Betts, Inc.	Sanford	YCTC	1999	28	21	17	\$7.88	\$4,993	\$13,360	\$1,679,415
Tri-County Mental Health	Lewiston	CMTC	1999	30	63	17	\$10.45	\$12,262	\$52,500	\$200,000
Vishay-Sprague	Sanford	YCTC	1999	130			\$8.24	\$1,454	\$53,000	\$9,095,984
Willow Rehab & Living Center**	Waterville	KVTC	1998	10	9	10	\$6.62	\$166	\$7,178	\$130,000
45 PROJECTS	TOTALS			3628	4380	3758	\$9.58	\$1,214,179	\$4,985,739	\$1,045,190,891

* Training Complete

** Project Closed