

MAINE STATE LEGISLATURE

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Maine Community College System

Maine Quality Centers Annual Report October, 2012

Summary

The Maine Quality Centers (MQC) was created in 1994 by the Maine Legislature as an economic development program within the Maine Community College System. This Report is submitted to the 125th Maine Legislature and its 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 and a summary of projects active from July 1, 2011 through June 30, 2012. Data regarding MQC projects active during this reporting period includes the total dollar investment and projected job creation, as well as the actual numbers trained and hired, as of June 30, 2012. The Report's primary findings follow.

Project Activity

Active projects:	9
• MQC project expenditures:	\$117,469
• Total projected MQC investment in active projects:	\$552,683
• Total projected job creation:	319
• Total trained as of 06/30/12:	219
• Total hired as of 06/30/12:	120
• Average project wage:	\$17.18
• Total estimate of related private investment:	\$71,378,141

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 a State Director, with individual project services delivered by the seven colleges of the Maine Community College System. 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 2012 was \$872,677.

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 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.

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, the Community College and the employer monitor the training activities and make adjustments as needed.

Program activities

During the reporting period the MQC expended \$117,469 on eight separate projects located in six different municipalities. This figure represents only 51% of the planned FY12 expenditures for these projects. Due to a postponement of scheduled training, one project that began in FY12 did not have expenses in FY12. The range of project expenditures was \$6,416 to \$33,595 with a median expenditure of \$10,648 and a mean expenditure of \$13,052. The range of total project grant award, over multiple years, was \$10,891 to \$248,161 with a median award of \$33,595 and a mean award of \$61,409. In their entirety the projects represent 319 projected new jobs. As of June 30, 2012, 219 people had been trained and 120 hired. The average project wage was \$17.18. The total MQC investment in the nine active projects over multiple fiscal years is expected to be \$552,683. These projects represent a projected private capital and payroll investment of \$71,378,141.

Program activities continue to be impacted by the slow business recovery from the recent recession. In an effort to maximize the State's training investment MQC has long focused on training primarily for businesses with net new hires. This has become a barrier to many businesses in today's economy. There are also needs for incumbent worker training to improve skills to remain competitive as well as training for employment that does not represent growth, which also falls within the programs mission and purpose. In an attempt to be more responsive to a changing economy, the program has increased efforts to broaden its traditional service model within the program's authority. This includes efforts to use new hire training to leverage incumbent worker training, promote training in high demand areas and pilot expanded approaches to meet the program's mission and purposes.

Changes in business conditions and plans have also impacted program performance. As noted above, actual FY 12 project expenditures were only 51% of planned expenditures due to changes in market conditions, slower than expected hiring, sale of a company or other business factors. This is an issue with both pre-hire projects, which train individuals prior to being hired by the applicant company, and post-hire training when training scheduled for current workers conflicts with more immediate business priorities.

During the first quarter of FY13 the program has entered into agreements for four new projects (total new obligation of \$552,543) with two additional applications (estimated total new obligation of \$288,000) near agreement. These projects include both pre-hire and post-hire training and efforts to explore additional delivery models within the program's mission and purpose. It is too early to tell whether general economic conditions are changing in any meaningful way. Moving forward the program will continue this work to adapt to changing economic conditions to better serve Maine's employers and workers.

The attached table summarizes all projects that were active during the reporting period. 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 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 of annual payroll and capital investment.

Maine Quality Centers Annual Report to the Legislature

July 1, 2011 – June 30, 2012

FY12 Expenses	PROJECTS	LOCATION	COLLEGE	START DATE	PROJECT-ED JOBS	# of APPLI-CANTS	# TRAINED	# HIRED	PROJECTED AVG. WAGE	MQC INVESTMENT	PRIVATE INVESTMENT
\$8,732	Disability RMS	Westbrook	SMCC	2010	25	22	29	22	\$15.73	\$22,160	\$1,721,000
\$24,555	Fisher Engineering	Rockland	KVCC	2011	10	29	9	3	\$13.00	\$24,555	\$81,120
\$10,280	General Dynamics	Saco	YCCC	2010	30	45	41	0		\$47,080	\$1,800,000
\$11,015	Hussey Seating	No. Berwick	YCCC	2011	40	74	45	33	\$11.30	\$31,986	\$3,385,000
\$8,039	IDEXX Laboratories	Westbrook	SMCC	2012	35	16	9	5	\$13.50	\$34,256	\$465,000
\$14,838	Mid-State Machine	Winslow	KVCC	2006/08/10	98	74	65	38	\$11.95	\$248,161	\$12,000,000
	Mölnlycke Health Care	Brunswick	SMCC	2012	57	0	0	0	\$18.65	\$100,000	\$35,500,000
\$33,595	Pratt & Whitney	No. Berwick	SMCC	2011	10	200	13	11	\$16.60	\$33,595	\$11,815,000
\$6,416	Resilient Communications	Brunswick	SMCC	2011	14	8	8	8	\$36.72	\$10,891	\$4,611,021
\$117,469	9				319	468	219	120	\$17.18	\$552,683	\$71,378,141