

# MAINE STATE LEGISLATURE

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# Maine Community College System

## Maine Quality Centers FY 2015 Annual Report

### Summary

The Maine Quality Centers (MQC), a program within the Maine Community College System, was created in 1994 by the Maine Legislature. This Report is submitted to the 127th Maine Legislature’s 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, with a review of the program’s incumbent worker option, and a summary of projects active from July 1, 2014 through June 30, 2015. Data regarding MQC projects active during this reporting period includes the cumulative total dollar investment and projected job creation, as well as the actual numbers trained and hired, as of June 30, 2015. The Report’s primary findings follow.

#### Project Activity

FY15 Total active projects:	36
• MQC FY15 project expenditures:	\$742,582
• Total projected MQC investment in active projects:	\$1,777,230
• Total projected job creation:	580
• Total trained as of 06/30/15:	856
• Total hired as of 06/30/15:	261
• Average project wage:	\$20.22
• Total estimate of related private investment:	\$402,683,087
FY15 Incumbent project subset:	19
• MQC FY15 project expenditures	\$94,496
• Total projected MQC investment in active projects:	\$240,578
• Number projected to be trained:	643
• Number trained as of 6/30/15:	474
• Average incumbent project wage:	\$22.63
• Employer project match:	\$80,264
• Estimate of other related private investment:	\$16,022,360

### 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 the Executive Director of the Maine Community College System's Center for Career Development, with individual project services delivered by the system's seven colleges. 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 2015 was \$862,028.

Interested businesses complete an application which is reviewed by the Executive Director for the number of net new jobs and/or incumbent workers, skill level of the positions, wage and benefit levels, training required, possible return on public investment and other pertinent labor market considerations. Once an application is initially given concept approval, 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 at which time project funding is set aside.

In recent years, two additional project options have been established to meet the training needs of Maine's workforce. The first responded to discussions with the Maine Legislature's Joint Select Committee on Maine's Workforce and Economic Future regarding the need for greater incumbent worker training options. As a result, the program began in FY14 to pilot incumbent training with a sliding financial match based on the applying business' employment level. Employers with over 100 employees pay 50% of the project costs, while employers with employment levels between 51 and 100 pay 25% of costs. Employers with 50 or fewer employees do not have a match requirement. Over the past two years, this offering has served 24 Maine businesses, updating the skills of 522 employees. The demand for incumbent worker training has been great and this option will continue to be part of the MQC grant portfolio.

The second option, allows community colleges that have identified areas of in-demand skill training for unemployed or underemployed Maine residents, to submit applications. An example is the Northern Maine Community College Commercial Truck Driving project, which was a partnership to train qualified referrals from Maine's CareerCenters to address a specific local labor market need for commercial drivers. As with all MQC projects, approved business, incumbent, and college applications resulted in training plans and signed Memorandums of Agreement. Both methods offered training to provide individuals with competitive skills that are in demand by Maine businesses.

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, training activities are monitored and adjustments are made as needed.

During the first session of the 127<sup>th</sup> Maine Legislature, legislation was passed to add another training option to the Maine Quality Centers, the Put ME to Work Program. This new option will require joint applications from businesses, industry partnerships and community colleges, and a 50% match from employers, to address demonstrated training needs for in-demand occupations with competitive wages and benefits. The option will become active in FY16 and its activities will be included in future annual reports.

### **Program Activities**

During the reporting period, the MQC program expended \$742,582 on thirty-six separate projects with locations in twenty-one different municipalities. The range of FY15 project expenditures was \$740 to \$130,286 with a median expenditure of \$6,765 and a mean expenditure of \$20,627. The range of total project grant awards, over multiple years, was \$3,103 to \$262,000 with a median award of \$13,675 and a mean award of \$49,367. In their entirety, the projects represent 580 projected new jobs. As of June 30, 2015, 856 people had been trained and 261 hired. The average project wage for all projects was \$20.22. The total MQC investment in the thirty-six active projects over multiple fiscal years is expected to be \$1,777,230. These projects represent a projected private capital and payroll investment of \$402,683,087.

During FY15, MQC training grants helped to fund incumbent worker training at nineteen different companies, delivered by five of our community colleges. Training included various Microsoft software, high pressure boiler, supervisory, team building, project management, time management, communication, customer service, manufacturing efficiency, CNC machining, Spanish language, OSHA, chemistry, tower lighting, leadership, performance coaching, accuracy, lead and asbestos inspection.

At the end of the fiscal year, the projects have trained 474 of an estimated 643 incumbent workers. The average incumbent project wage is \$22.63, compared to the \$17.36 average project wage for new-hire projects. The incumbent projects represent a total MQC investment of \$240,578, which was partially matched with an investment of \$80,264 by the participating businesses. The businesses report an additional \$16,022,360 of private investment in capital and increased payroll connected to these projects. The range of MQC investment went from a low of \$3,103 to a high of \$51,000, with a median award of \$9,145 and a mean award of \$12,662.

The response to the incumbent offering is encouraging, and the mechanics of integrating a new training offering has been minimal, while creating more flexibility in meeting employer training needs. Employers are interested in providing their staff with training in a wide range of areas including specific certifications, other technical or academic areas, and in what are generally referred to as soft skills. Businesses seem appreciative of the opportunity to receive the training support and to work with a community college to explore possible partnerships beyond the initial project.

The attached table summarizes all projects that had spending during the reporting period. Incumbent projects are listed separately and there are cumulative totals for shared

measures at the end. Each project is summarized in its entirety and includes the projected total number of new jobs, covered incumbent workers 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. 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. One pre-hire project was cancelled due to the inability to recruit a sufficient number of trainees. The chart also includes an employer estimate of the value of the planned workforce expansion's increase in annual payroll and capital investment.

At the end of FY15, three additional projects had signed Memorandum of Agreements with a combined obligation of \$196,071, but did not begin in that fiscal year and therefore had no expenditures. The program also had three additional applications with concept approval and discussions are ongoing to finalize training plans. Another two applications were under review.

# Maine Quality Centers Annual Report to the Legislature

July 1, 2014 – June 30, 2015

FY15 EXPENSES	NEW HIRE PROJECTS	LOCATION	COLLEGE	START DATE	PROJECTED JOBS	# APPLI-CANTS	# TRAINED <sup>1</sup>	# HIRED	PROJECTED AVG. WAGE	MQC INVESTMENT	PRIVATE INVESTMENT
\$ 5,287	CM Customer Service Consortium <sup>2</sup>	Auburn	CMCC	5/27/14	32	4	0	0	NA	\$ 8,327	\$ 551,193
130,286	Future for ME	Auburn	CMCC	4/25/13	24	26	16	9	17.84	218,000	235,534
29,597	EMCC Fine Woodworking	Bangor	EMCC	2/9/15	12	18	12	10	14.80	29,597	-
118,971	KVCC Sonography	Fairfield	KVCC	8/25/14	20	109	12	11	25.48	262,000	25,000
42,907	Northern Pride Communications	Topsham	KVCC	8/5/14	6	9	5	3	17.00	42,907	610,000
2,156	Irving Forest Products	Ashland	NMCC	6/10/14	60	33	33	33	15.00	118,247	34,000,000
12,235	NMCC Commercial Truck Driving	Presque Isle	NMCC	12/4/13	15	15	15	13	17.23	57,465	-
60,428	Bath Iron Works	Bath	SMCC	10/6/14	87	61	61	61	18.56	225,000	5,096,000
2,892	Jøtul North America	Gorham	SMCC	5/15/15	8	0	7	0	11.50	33,660	800,000
16,411	Mölnlycke Health Care	Brunswick	SMCC	6/15/12	57	71	132	70	20.19	76,548	35,500,000
6,803	Rollease	Brunswick	SMCC	7/1/14	12	7	8	7	34.81	6,803	1,593,000
13,589	SMCC Hospitality Entry-Level	So. Portland	SMCC	1/29/15	15	14	10	9	11.22	13,589	-
31,075	SMCC Information Technology	So. Portland	SMCC	6/16/14	15	30	14	2	13.87	33,829	-
4,675	SMCC Non-credit Seats	So. Portland	SMCC	9/25/13	15	3	2	2	14.00	4,675	-
79,115	SMCC Truck Driving	Brunswick	SMCC	7/14/14	12	17	10	6	12.38	79,115	-
76,890	St. Croix Tissue	Baileyville	WCCC	10/2/14	40	172	35	15	17.25	76,890	124,000,000
14,771	Pratt & Whitney	No. Berwick	YCCC	2/23/15	150	10	10	10	16.64	250,000	184,250,000
<b>\$ 648,086</b>	<b>17</b>				<b>580</b>	<b>599</b>	<b>382</b>	<b>261</b>	<b>\$ 17.36</b>	<b>\$ 1,536,652</b>	<b>\$ 386,660,727</b>

<sup>1</sup>The number trained may be greater than the number of projected jobs and applications in projects that train existing workers and new hires.

<sup>2</sup>Consortium members include: Argo Marketing Group-Lewiston & Great Falls Holdings-Auburn

Maine Quality Centers Annual Report to the Legislature

July 1, 2014 – June 30, 2015

FY15 EXPENSES	INCUMBENT PROJECTS	LOCATION	COLLEGE	START DATE	PROJECTED TRAINED	# TRAINED	AVG. WAGE	MQC INVESTMENT	COMPANY MATCH	PRIVATE INVESTMENT
\$ 5,022	Argo Marketing Group	Lewiston	CMCC	7/2/14	36	33	\$ 14.15	\$ 5,022	\$ 5,022	\$ 6,982,400
7,042	Biovation II, LLC	Boothbay	CMCC	3/27/15	4	5	23.83	7,042	0	225,000
7,346	System Logistics	Lewiston	CMCC	6/13/14	6	4	21.76	9,145	3,048	5,800,000
3,103	Washburn & Doughty	East Boothbay	CMCC	12/14/14	12	16	26.35	3,103	1,034	1,250,000
13,761	Island Employee Cooperative	Stonington	EMCC	1/14/15	50	44	14.68	13,761	0	133,000
6,772	CAM Manufacturing	Presque Isle	NMCC	4/16/14	15	7	11.83	32,522	0	400,000
3,638	American Steel and Aluminum	So. Portland	SMCC	5/18/15	11	12	22.86	3,638	0	0
5,315	Casco Systems	Falmouth	SMCC	2/3/14	12	15	43.12	10,069	0	100,000
1,032	Catholic Charities Maine	Portland	SMCC	6/10/14	20	6	14.14	5,517	1,839	0
4,387	Credere Associates	Westbrook	SMCC	3/9/15	5	2	29.57	4,387	0	55,000
740	Pierce Promotions	Portland	SMCC	8/1/13	28	26	36.49	15,869	0	0
5,003	Plasmine Technology	Portland	SMCC	1/29/15	6	6	24.25	5,003	0	0
1,642	Portland Mattress Makers	Portland	SMCC	3/21/14	6	9	13.30	9,794	0	76,960
3,694	SMCC Hospitality Leadership	So. Portland	SMCC	2/23/15	15	8	17.11	3,694	2,000	0
5,416	Southworth International	Falmouth	SMCC	8/7/13	48	44	26.15	34,250	0	0
7,526	Tilson Technology Management	Portland	SMCC	5/21/15	15	12	25.38	9,353	3,118	0
4,388	General Dynamics	Saco	YCCC	4/10/15	57	39	24.67	11,100	11,100	0
6,757	Hussey Seating Company	No. Berwick	YCCC	4/3/15	230	131	26.54	51,000	51,000	1,000,000
1,911	Northeast Coating Technologies	Kennebunk	YCCC	3/25/14	67	55	13.86	6,309	2,103	0
<b>\$ 94,496</b>	<b>19</b>				<b>643</b>	<b>474</b>	<b>\$ 22.63</b>	<b>\$ 240,578</b>	<b>\$ 80,264</b>	<b>\$ 16,022,360</b>

FY15 EXPENSES	FY15 ALL ACTIVE PROJECTS	TOTAL TRAINED	AVERAGE WAGE	TOTAL MQC INVESTMENT	COMPANY MATCH	TOTAL PRIVATE INVESTMENT
<b>\$ 742,582</b>	<b>36</b>	<b>856</b>	<b>\$ 20.22</b>	<b>\$ 1,777,230</b>	<b>\$ 80,264</b>	<b>\$ 402,683,087</b>