



Maine Community College System

Maine Quality Centers FY 2016 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, 2015 through June 30, 2016. 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, 2016. The Report's primary findings follow.

Project Activity

FY16 Total active projects:	31
• MQC FY16 project expenditures:	\$774,535
• Total projected MQC investment in active projects:	\$1,667,563
• Total projected job creation:	751
• Total trained as of 06/30/16:	1,147
• Total hired as of 06/30/16:	447
• Average project wage:	\$20.17
• Total estimate of related private investment:	\$300,229,600
FY16 Incumbent project subset:	19
• MQC FY16 project expenditures:	\$177,236
• Total projected MQC investment in active projects:	\$347,432
• Number projected to be trained:	1,041
• Number trained as of 6/30/16:	591
• Average incumbent project wage:	\$22.79
• Employer project match:	\$133,824
• Estimate of other related private investment:	\$66,213,600

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 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 2016 was \$1,393,296. This figure included \$500,000 for the new Put ME to Work program initiative.

To apply for a training grant, interested businesses complete an application which is reviewed 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. After an application is given initial concept approval, the business and the 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 grant funding is reserved for the project.

In recent years, three additional project options were 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 three years, this offering has served 35 Maine businesses, updating the skills of 895 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 directly. One example is the Eastern Maine Community College Fine Woodworking project. This was a partnership to train qualified referrals, including laid-off papermakers, from Maine's CareerCenters to address a specific local labor market need from the boat building industry. The project also partnered with Eastern Maine Development Corporation who provided on-the-job training grants upon employment. In

FY16 the successful project was extended for a second year to serve a second group of trainees.

All of the MQC-grant options offer training to provide individuals with competitive skills that are in demand by Maine businesses. Individual projects vary in length, and training schedules frequently crossed 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 127th Maine Legislature, legislation was passed to add another training option to the Maine Quality Centers to address demonstrated training needs for in-demand occupations with competitive wages and benefits, the Put ME to Work Program. During FY16, a joint application was developed for businesses, industry partnerships and community colleges to apply for funding. A 50% cash and/or in-kind match by the employer or industry applicant is required. MQC received one application in FY16 for this new program offering and issued concept approval contingent upon identification of the required match. The first project under this option is expected to begin in FY17.

Program Activities

During the reporting period, the MQC program expended \$774,535 on thirty-one separate projects with locations in twenty-four different municipalities. The range of FY16 project expenditures was \$19 to \$109,106 with a median expenditure of \$14,642 and a mean expenditure of \$24,985. The range of total project grant awards, over multiple years, was \$891 to \$250,000 with a median award of \$26,638 and a mean award of \$53,792. In their entirety, the projects represent 751 projected new jobs. As of June 30, 2016, 1,147 people had been trained and 447 hired. The average project wage for all projects was \$20.17. The total MQC investment in the thirty-one active projects over multiple fiscal years is expected to be \$1,667,563. These projects represent a projected private capital and payroll investment of \$300,229,600.

During FY16, MQC training grants helped to fund incumbent worker training at nineteen different companies, delivered by six of our community colleges. Training included various courses on supervisory skills, leadership, team building, project management, time management, communication, business writing, technical writing, customer service, manufacturing efficiency, precision machining, Spanish language, safety, performance coaching, conflict management, financial management, horticulture, electromechanical, industry-specific certifications, and more.

At the end of the fiscal year, the incumbent-worker projects had trained 591 Maine workers out of an estimated 1,041. The average incumbent project wage was \$22.79, compared to the \$16.02 average project wage for new-hire projects. The incumbent projects represented a total MQC FY16 investment of \$177,236, which was partially matched with an investment of \$133,824 by the participating businesses. The businesses

reported an additional \$66,213,600 of private investment in capital and increased payroll connected to these projects. The range of FY16 investment by MQC in these projects was \$19-37,260, with a median award of \$11,066 and a mean award of \$18,286.

The attached tables summarize 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, projected incumbent worker trainees 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 start date 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 charts also include employer estimates of their annual investments in increased payroll and capital.

At the end of FY16, the program had issued concept approval for six additional projects at four different community colleges. Discussions are ongoing to finalize the training plans and execute memorandums of agreement. Three additional MQC training-grant applications were under review.

Maine Quality Centers Annual Report to the Legislature

July 1, 2015 – June 30, 2016

FY16 EXPENSES	NEW HIRE PROJECTS	LOCATION	COLLEGE	START DATE	PROJ. JOBS	# of APPLICANTS	# TRAINED ¹	# HIRED	PROJ. AVG. WAGE	MQC INVESTMENT	PRIVATE INVESTMENT
\$63,689	Bath Iron Works	Bath	SMCC	10/6/14	202	203	257	202	\$18.56	\$245,464	\$ 5,096,000
1,353	Central Maine Meats	Gardiner	KVCC	4/4/16	10	4	4	4	14.00	16,765	145,000
109,106	Irving Forest Products	Ashland	NMCC	6/10/14	60	66	66	66	15.00	129,437	34,000,000
21,675	Jøtul North America	Gorham	SMCC	5/15/15	8	12	36	12	11.50	33,660	800,000
69,457	KVCC Respiratory Therapy	Fairfield	KVCC	9/1/15	25	44	12	1	21.15	168,180	0
54,188	OnProcess Technology	Belfast	EMCC	2/3/16	196	58	58	58	11.38	115,525	8,500,000
87,705	Pratt & Whitney	No. Berwick	YCCC	2/23/15	150	60	60	60	16.64	250,000	184,250,000
51,669	R.F. Chamberland	Presque Isle	NMCC	10/5/15	16	26	9	9	16.00	74,076	1,200,000
48,670	EMCC Fine Woodworking	Bangor	EMCC	2/9/15	24	38	21	15	15.23	78,266	0
68,924	KVCC Sonography	Fairfield	KVCC	8/25/14	20	109	20	19	24.00	187,895	25,000
19,972	SMCC Property Management	South Portland	SMCC	10/1/15	20	13	13	1	14.83	19,972	0
891	YCCC Fundamentals of Mfg	Wells	YCCC	10/15/15	20	0	0	0	14.00	891	0
\$597,299	12				751	633	556	447	\$16.02	\$1,320,131	\$234,016,000

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

Maine Quality Centers Annual Report to the Legislature

July 1, 2015 – June 30, 2016

FY16 EXPENSES	INCUMBENT PROJECTS	LOCATION	COLLEGE	START DATE	PROJ. TRAINED	# TRAINED ¹	AVG. WAGE	MQC INV	CO MATCH	PRIVATE INVESTMENT
\$5,848	American Steel and Aluminum	So. Portland	SMCC	5/18/15	40	19	\$22.86	\$26,638	\$0	\$ -
19	Backyard Farms	Madison	KVCC	6/14/16	100	0	13.98	7,837	7,837	0
19,358	CAM Manufacturing	Presque Isle	NMCC	4/16/14	15	15	11.83	32,522	-	400,000
900	Cape Seafood	Saco	SMCC	2/1/16	2	2	18.00	900	300	5,600
997	Casco Systems	Cumberland	SMCC	2/3/14	12	15	43.12	11,066	-	100,000
1,742	Cianbro	Pittsfield	KVCC	9/26/15	8	4	30.88	1,742	1,822	0
22,692	Crede Associates	Westbrook	SMCC	3/9/15	10	8	27.28	27,079	-	55,000
3,100	Custom Composite Technologies	Bath	SMCC	9/18/15	4	3	15.83	3,100	-	3,000
1,945	General Dynamics	Saco	YCCC	4/10/15	57	39	22.42	6,333	6,336	0
37,260	Hussey Seating Company	No. Berwick	YCCC	4/3/15	230	208	24.76	44,017	44,017	1,000,000
6,686	Jackson Laboratory (The)	Bar Harbor	EMCC	4/11/16	250	32	28.17	34,524	34,524	54,200,000
17,039	Mölnycke Health Care	Brunswick	SMCC	9/28/15	60	42	20.19	19,434	19,434	0
4,000	Panolam Industries International	Auburn	CMCC	2/10/16	25	25	21.68	4,000	4,000	9,600,000
11,773	Seabreeze Property Services	Portland	SMCC	3/7/16	70	72	11.93	27,625	9,208	650,000
10,781	Southworth International	Falmouth	SMCC	7/28/15	48	25	30.12	10,781	3,593	0
1,781	Stratton Lumber	Stratton	CMCC	12/18/15	7	7	19.78	1,781	594	0
(1,050)	Tilson Technology Management ²	Portland	SMCC	5/21/15	15	13	24.20	6,477	2,159	0
17,722	TIS Brewer (Troy Industrial)	Brewer	EMCC	5/3/16	46	41	23.79	56,042	-	200,000
14,642	Tube Hollows International	Windham	SMCC	9/25/15	42	21	22.28	25,535	-	0
\$177,236	19				1,041	591	\$22.79	\$347,432	\$133,824	\$66,213,600

FY16 EXPENSES	ALL ACTIVE FY16 PROJECTS	TOTAL TRAINED	AVG WAGE	TOTAL MQC INVESTMENT	COMPANY MATCH	PRIVATE INVESTMENT
\$774,535	31	1,147	\$20.17	\$1,667,563	\$133,824	\$300,229,600

¹The number of incumbents trained may include some new-hires.

²The required company match for the two-year project was reconciled and paid at the end and exceeded the current year MQC investment.