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# Minnesota

## JOB SKILLS PARTNERSHIP

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2012 Biennial Report

# MINNESOTA JOB SKILLS PARTNERSHIP BIENNIAL REPORT

## INTRODUCTION

The Minnesota Job Skills Partnership was created during the recession in 1983 to help spur the state's economic recovery. The program continues to be uniquely positioned to help Minnesota businesses recover and add jobs back to the economy during poor economic times. During better economic times, the program helps educational institutions expand their capacity to provide training needed by businesses when they are investing in new technologies.

## GRANT PROGRAMS

The Minnesota Job Skills Partnership is committed to extending the state's educational and training resources so that Minnesota employers have a well-trained and skilled workforce. The Partnership brings employers who have specific training needs together with educational or other nonprofit institutions to design relevant training programs. Partnership programs funded through matching grants meet short- and long-term objectives. In the long term, the Partnership's goal is to promote the economic interests of citizens through closer cooperation between businesses and the state's education, employment and training systems.

The Partnership is comprised of five grant programs:

### **Minnesota Job Skills Partnership Program**

This cornerstone program, referred to as the "Partnership" program, promotes economic development and develops capacity within educational institutions. New workers and incumbent workers are targeted for new or customized training. Maximum amount: \$400,000 and there must be a 1-to-1 business match. Eighty percent of the projects funded in fiscal years 2008 through 2010 were Partnership projects.

### **Pathways Program**

Provides new or customized training for low-income individuals that results in new economic opportunity for individuals, while meeting specific business needs. Human services agencies or nonprofits may join with educational institutions to provide training. Maximum amount: \$400,000 and there must be a 0.5-to-1 business match.

### **Health Care and Human Services Training Program**

Intended to moderate workforce shortages in health care and human services fields and provide training opportunities for direct patient care workers to advance in their profession. Maximum amount: \$400,000 and there must be a 1-to-1 business match.

### **Special Incumbent Worker Training Program**

Provides skill-building training and expanded opportunities for those already in the workforce. Prefer projects with statewide or regional impact, creative training strategies and innovative partnerships. Maximum amount: \$400,000 and there must be a 1-to-1 business match.

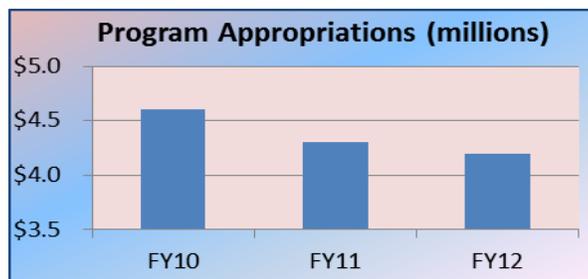
### **Low Income Worker Training Program**

Provides short-term, off-the-shelf training for low-income earners who have basic, yet essential, skills and motivation. Goal is to move workers into better-paying jobs. Grant may be used for tuition, materials and supplies. Maximum amount: \$200,000 with no match required.

## FINANCIAL SUMMARY

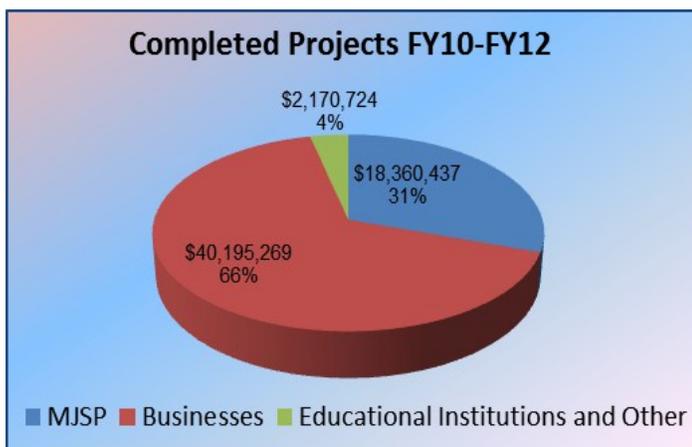
### Minnesota Job Skills Partnership Program Funding

The Minnesota Job Skills Partnership currently receives an annual General Fund appropriation of \$4.2 million. This amount is down from prior appropriations of \$6.8 million per year from fiscal year 2004 through fiscal year 2009.



### Minnesota Job Skills Partnership Project Funding Sources

For Partnership, Pathways, Health Care and Human Services, and Special Incumbent Worker grants completed in FY10-FY12, contributions from businesses were more than twice that provided by MJSP.



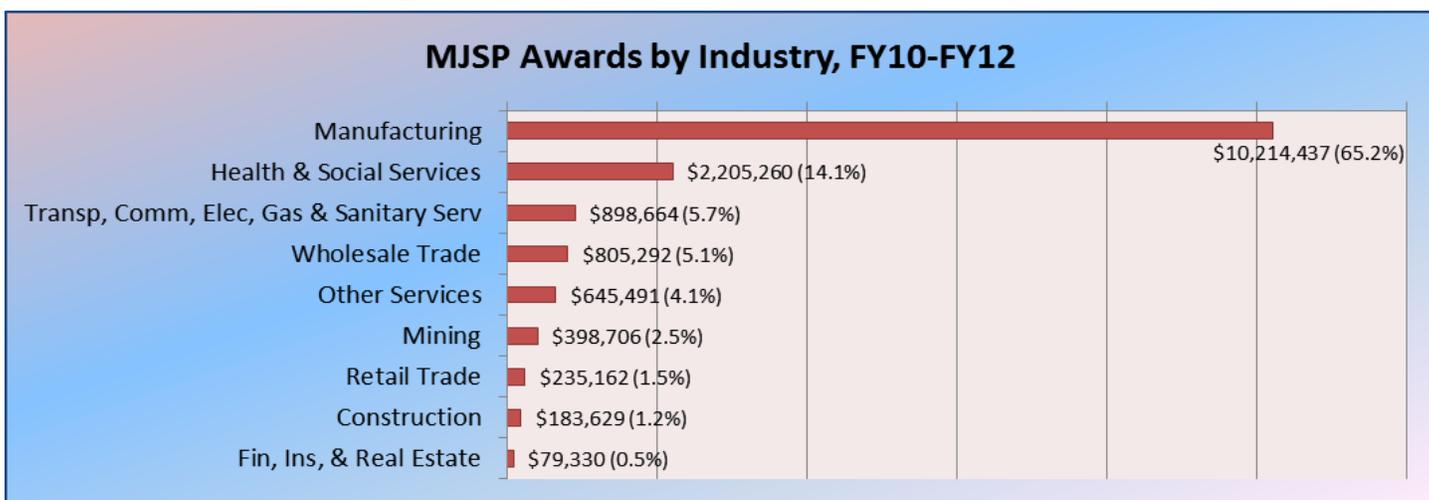
- A total of 210 businesses contributed to the 138 projects completed from FY10-FY12. The average business contribution per project was \$291,270.
- Twenty-seven of the projects completed in FY10-FY12 involved consortiums of businesses, which allowed them to pool their resources to provide training.
- For the 39 projects completed in FY12, a total of 48 businesses contributed an average of \$181,275 per project.
- The average MJSP grant expenditure for projects completed in FY10-FY12 was \$133,047. For projects completed in FY12, the average was \$91,019.

### Comments from participating businesses:

- *The investment in time and resources paid off. Our company is substantially stronger than it was two years ago.*
- *The time and resources involved with this program were one of the best investments our company could make.*

### Minnesota Job Skills Partnership Awards by Industry

Of the grants awarded in FY10-FY12, Minnesota businesses in the manufacturing industry received the largest amount of MJSP awards, enabling the industry to improve skill levels and increase competitiveness.



## BENEFITS TO BUSINESSES

Grants awarded by the Partnership have effectively and efficiently assisted Minnesota businesses.

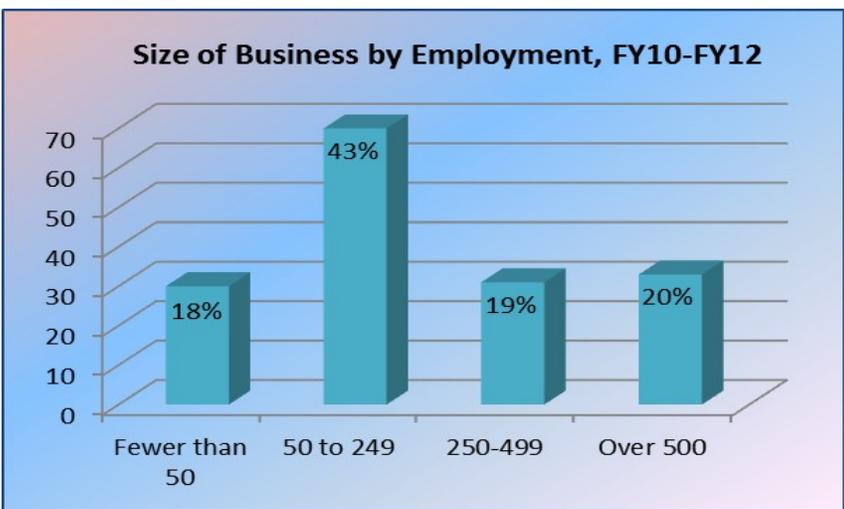
As Minnesota experiences a rapidly changing economy, attention must be given to the changing skill needs of Minnesota employers. Partnership grants have assisted businesses and industries that are expanding and need additional skilled workers, and industries whose current workers need new skills due to changing technologies.

- Ninety-one percent of the businesses that have participated in MJSP projects indicated it was worth their investment.
- Ninety percent of the businesses participating in MJSP projects indicated they were likely or very likely to recommend the program to other businesses.

### **Comments from businesses regarding the benefits they received by participating in Minnesota Job Skills Partnership projects:**

- *Our preventative maintenance program has cut our down-time due to machinery issues by 50%. The lean training allowed us to produce 20% more with our present capacity and our on-time shipping increased from 89% to 96% on-time.*
- *Our employee retention has improved 30% over the last three years.*
- *Productivity has increased by 50% since the start of this training program.*
- *For 2010 compared to 2008, sales per employee hour worked is up 5%, turnover decreased from 70% to 21%, and quality and service credits decreased 40%.*
- *One area in which we have had a marked improvement is our scrap cost per cabinet. 2007 = \$2.52 per cabinet; 2008 = \$1.93 per cabinet; 2009 = \$1.28 per cabinet; 2010 = \$.64 per cabinet; 2011 = \$.06 per cabinet reduction in comparison to the first four months of 2010.*
- *On one casting that the problem solving method was used we saw in one month, a 43.5% reduction in scrap and 83% reduction in rework. This worked out to be a year to date reduction in scrap of 24.3% and a reduction of 73% on rework over the same time frame.*
- *Production efficiency has increased by 20%, the emphasis on quality and non-value added activities has reduced the production costs by 40%.*
- *During the training we converted the production area to a cell layout process with an emphasis on a one piece flow process. The results of the new layout and attention to reducing non-value added activities resulted in reducing the labor seconds per product from 50.99 seconds to 39.29 seconds, an improvement of 23%. Lead time decreased from 10 days to 5 days, a 50% improvement; machine changeover time was reduced from 48 minutes to 10 minutes; area used for production went from 1,760 to 311 ft for an 80% improvement; the distance parts traveled decreased from 613.67 feet to 311 feet for a 49% improvement; and the number of people that touched an order was reduced from 6 to 2 people for a 60% improvement.*
- *All company participants helped to meet and exceed our safety incidents goal, workers compensation goal, and retention goals. Safety incidents remain down in excess of 10%, workers compensation is down over 15%; voluntary turnover is less than 10%.*

MJSP is committed to small-business growth. Of the businesses involved in MJSP projects awarded in FY10-FY12, over three-fourths reported employment size of fewer than 500 employees.



**Employer comments:**

- *The MJSP program is very useful especially to fledgling companies unable to develop training programs for employees to attract, train, retain and grow them.*
- *I believe the program is very helpful to small businesses like mine. During the course of the program our company doubled sales. We are growing in this recession.*

### MJSP-Funded Training Fits Manufacturer's Needs Precisely

For business, the process of applying for an MJSP grant takes persistence, requires a willingness to follow a timeline and procedure, and involves making a public presentation to the board. If a grant is approved, follow-up discussions and a final evaluation are added in the obligatory mix.

One call from a business or industry does not do it all. In fact, the educational institutions that will provide the training take the lead in the process.

These are tax dollars at work, and the MJSP is tasked with being a careful steward of every dollar that goes into a training project.

When Avicenna Technology, Inc., applied for a grant in 2009, the board knew immediately they had selected a worthy grant recipient.

Stewardship, along with innovation and determination, are important Avicenna values.

"Basically when you sign up here, you have an obligation to fulfill every promise you make to all of our constituencies, our customers, stakeholders, each other and the community," said Vice President Chad Carson.

Avicenna, a privately held supplier of custom, fine-featured components used in the medical device industry, was

among three manufacturing companies seeking an MJSP grant to improve product efficiency and remain competitive. Montevideo-located Avicenna and two other manufacturing businesses, Fey Industries and Hoffco Cabinet Accessories, worked with Minnesota West Community and Technical College in the areas of manufacturing engineering, process engineering, quality engineering and supervisory management.

Continuous improvement/Six Sigma experts from St. Cloud State University and Southwest Minnesota State University were also included in the training collaboration.

As part of the company's highly supportive culture, all levels of Avicenna management supported the customized training, which was integrated in each employee's workday. Ninety Avicenna production operators, technicians and supervisors studied Lean Six Sigma Process Improvement, new product development process, advanced statistical analysis and process capability and coaching/mentoring.

During the 2½-year grant period, Avicenna implemented a statistical process control system with new software throughout the plant and replaced an operating culture that was burdened with constant inspections with a data-based engineering process.

Today Avicenna operators are less dependent on engineers and technicians when problems arise, and the company has reduced activities that add little value. As their productivity and profitability increased, Avicenna created more than 15 new positions, highly paid techni-

## BENEFITS TO TRAINEES

Part of MJSP's mission is to provide employees with access to training programs so that they are better prepared to adapt to a changing economy.

Completed Projects FY10-FY12		
	Proposed	Actual
Number of Trainees	32,880	36,375
Avg. MJSP Cost Per Trainee	\$746	\$505
Completed Projects FY 12		
	Proposed	Actual
Number of Trainees	7,616	7,897
Avg. MJSP Cost Per Trainee	\$696	\$450
Projects Funded in FY12		
	Proposed	
Number of Trainees	6,643	
Avg. MJSP Cost Per Trainee	\$864	

For projects completed in FY10-FY12, MJSP funds helped upgrade the skills of 36,375 Minnesota workers.

- The average wage of trainees in projects completed in FY10-FY12 was \$23.83 per hour. The average wage for projects completed in FY12 was \$24.01 per hour.
- Sixty-four percent of the projects ending in FY10-FY12 resulted in some type of credentials for the trainees.

### Comments from participating businesses on the benefits of the program to their employees:

- *The most recent employee satisfaction results showed the employees are happier with their promotional opportunities and wages. The training for the grant timeframe was the highest since tracking began in 1999 and turnover is the lowest since 1999. We have had 79 internal employees promoted in the last 18 months. The training they received was a significant factor in preparing them for their new roles.*
- *Every employee received raises for their effort and for their new skills - they have new skills that we value.*
- *There have been several employees that have been promoted as a result of their training in this program. Other employees have enrolled in the program because they saw the impact the training could have on their career.*
- *A number of employees were promoted from "operator" to "technician" level positions as a result of the training they received.*
- *Many of our scientists were promoted throughout the time of training. The training was an element that contributed to the success and promotions of those employees.*
- *For each employee that passed their certification we awarded them a one time monetary bonus. Some employees have advanced into leadership roles, overall it has given them all a higher level of confidence in job performance.*

We were able to give increases this year due to the benefit of decreased expenses and benefits of the MJSP program.

### Low Income Worker Training Program

For projects completed in FY10-FY12, MJSP invested \$4.0 million to provide training to 2,884 people through the Low Income Worker Training Program.

- Eighty-six percent of the trainees completed training.
- Thirty-nine percent of the individuals who completed training were placed in jobs with an average wage of \$11.29 per hour.
- Eighty-four percent of the trainees were unemployed prior to training.
- Minorities made up 66 percent of the trainee population.
- Four percent of the trainees were individuals with disabilities.



## BENEFITS TO EDUCATIONAL INSTITUTIONS

MJSP has a long history of assisting Minnesota educational institutions in developing new capacity and expertise in response to rapidly changing business needs.

- Seventy-six percent of the educational institutions involved in MJSP projects were community or technical colleges.
- Forty-four percent of the projects completed in FY10-FY12 resulted in significant new capacity for the educational institution.

### Examples of new capacity developed at Minnesota training institutions through MJSP grants:

- *With the help of an MJSP grant, Rochester Community & Technical College developed Talent Resource Mapping/ Succession Planning curriculum for which they indicate demand is on the rise. The new curriculum has positioned them to assist large and small businesses in preparing for baby boomer retirements.*
- *An MJSP grant helped Dakota County Technical College (DCTC) obtain the necessary equipment and certify their instructors to be a resource to electronics manufacturers in the Twin Cities area for soldering skills and International Printed Circuit Association Certification training. The addition of the soldering lab equipment and curriculum has also been used to benefit dislocated workers. DCTC expects the program to continue for at least the next decade.*
- *Through an MJSP grant and a partnership with the Midwest Energy Efficiency Alliance, Northwest Technical College (NTC) developed Building Operator Certification curriculum. As a result of the grant, an NTC instructor was prepared to provide training in five of the seven modules that comprise the Building Operator Certificate - Level I. The program is expected to help northern Minnesota businesses reduce energy usage and increase awareness of carbon footprints.*

### From MJSP Seed Money to Energy Consortium

Developing educational programs that are responsive to business and the economy takes substantial amounts of time and money and intense collaboration.

The Minnesota Job Skills Partnership Program's (MJSP) original seed-money grants to Dakota County Technical College and Alexandria Technical College and an open approach to the needs of the energy industry paved the way to a long-standing collaboration that continues today.

Here's how the public-private collaboration began.

Back in 2000, MJSP funded a training grant so Dakota County Technical College (DCTC) could help Northern Natural Gas develop operator competencies for 130 pipeline employees in Minnesota. DCTC developed more than 20 classroom and lab courses and built a corrosion training yard for hands-on experience.

In 2005, Northern Natural Gasoline sought additional training for new Federal Operator Qualification Standards (OQS) and continuity planning. By then technology had dramatically changed the academic environment. Patrick McQuillan, then the college's customized training director of trade and industry, and Chad Coquette, Alexandria Technical College's customized training point person, integrated the DCTC curriculum from the previous grant with the new OQS -- and developed an online training program.

As part of the MJSP grant, Coquette combined curriculum and energy business partners to form the Energy Consortium. Six colleges -- St. Cloud Technical College, Lake Superior College, Minnesota West Community and Technical College, Minnesota State Community and Technical College, Alexandria Technical College and DCTC -- were in.

Bolstered by the power a consortium brings, they sought and ultimately received a U.S. Department of Labor grant.

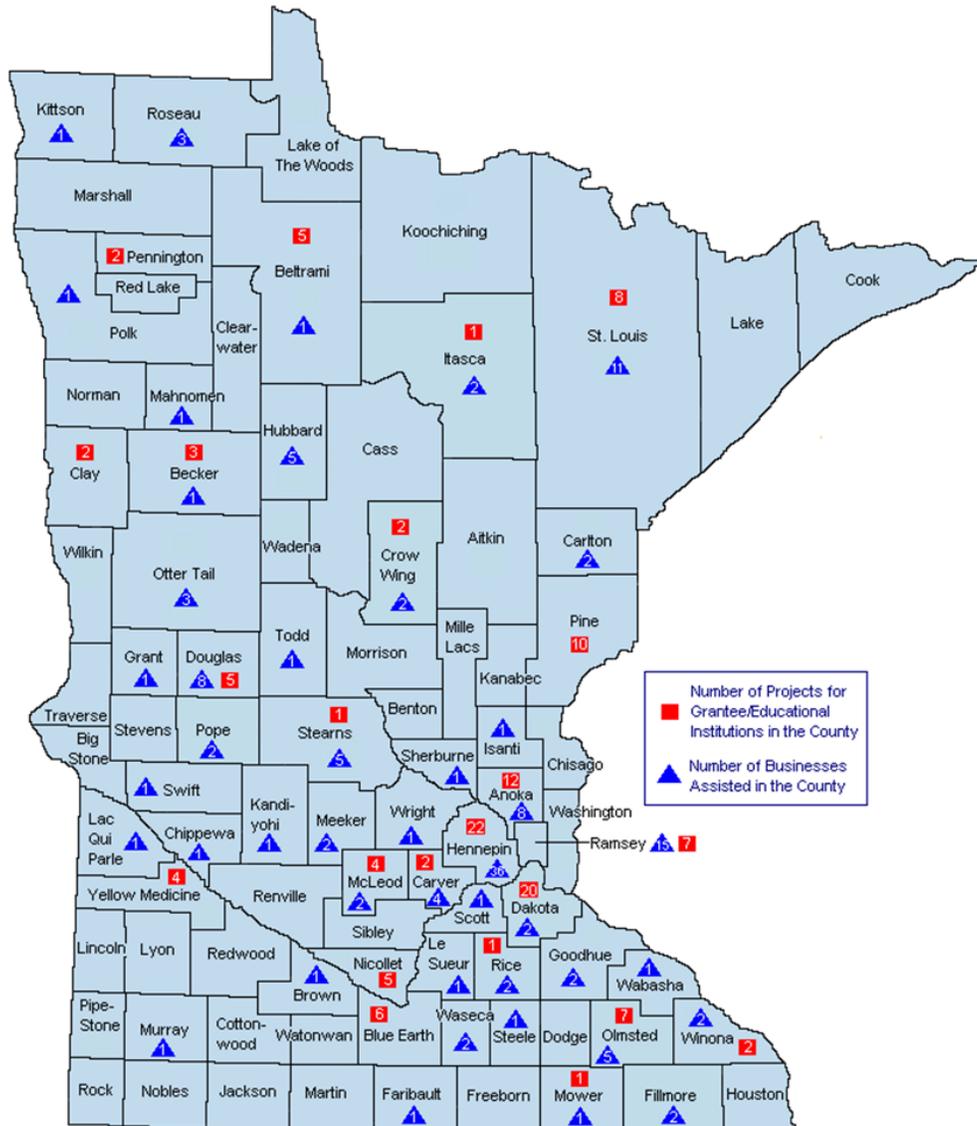
The six colleges built a program of courses encompassing

## Minnesota Job Skills Partnership Awards by Location

### Projects Awarded FY10-FY12

MJSP is committed to the entire state of Minnesota. Of the businesses involved in MJSP projects awarded in FY10-FY12, 58 percent were located in Greater Minnesota and 42 percent in the Twin Cities metro area. In comparison, according to the Minnesota Department of Employment and Economic Development Labor Market Information for 2009, 51 percent of Minnesota's private businesses and 61 percent of the state's jobs are in the metro area.

Thirty-four public education and other institutions across the state provided training resources to businesses through grants awarded from FY10-12. Fifty-six percent of the public education and other institutions involved were located in Greater Minnesota.



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