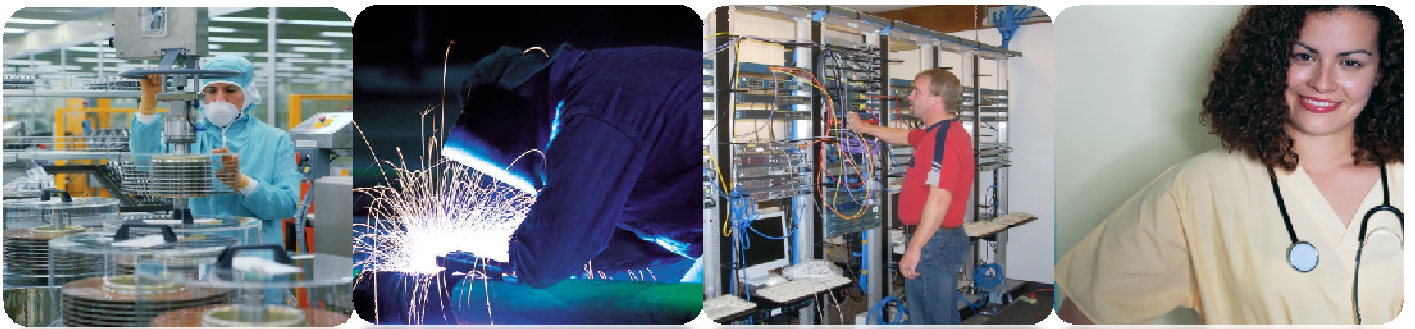


MINNESOTA

JOB SKILLS PARTNERSHIP



2010 ANNUAL REPORT



MINNESOTA JOB SKILLS PARTNERSHIP ANNUAL REPORT

INTRODUCTION

The Minnesota Job Skills Partnership was created during the last major 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.

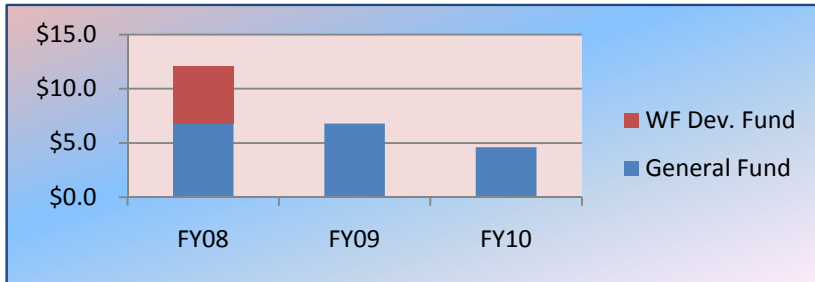
Low Income Worker Training Program

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

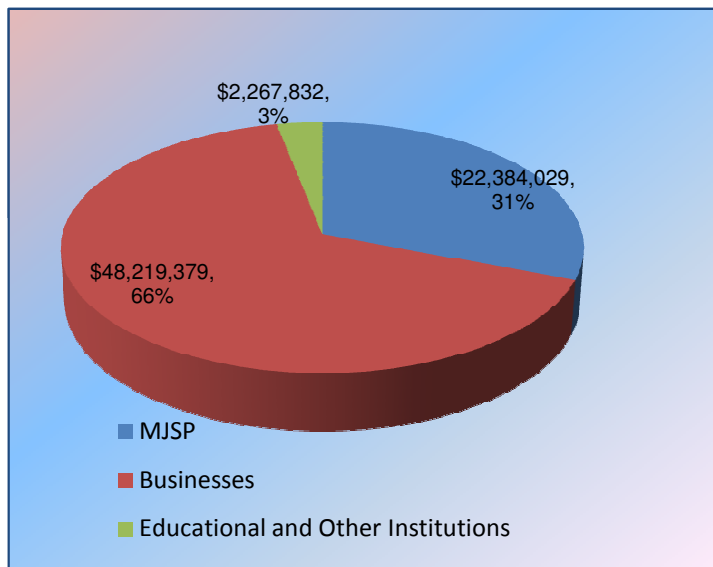
Minnesota Job Skills Partnership Program Funding

The Minnesota Job Skills Partnership receives an annual General Fund appropriation of \$4.6 million. This amount is down from prior appropriations of \$6.8 million per year. As a result of legislation that allows the MJSP Board to use Workforce Development Funds for MJSP programs when adequate funding is available and when certain conditions are met, the MJSP Board transferred an additional \$5.3 million in FY08 to the MJSP program.



Minnesota Job Skills Partnership Project Funding Sources

For Partnership, Pathways, Health Care and Human Services, and Special Incumbent Worker grants completed in FY08-FY10, contributions from businesses were more than twice that provided by MJSP.



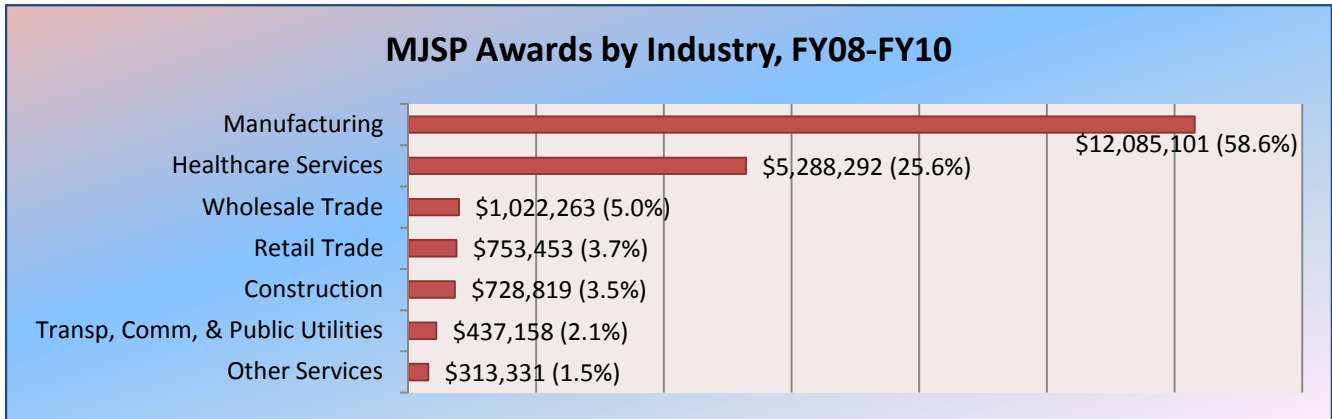
When asked if businesses felt that participating in MJSP projects was worth the investment made by their company, on a scale of one to three, with one being not worth the investment and three being worth the investment, the average response was 2.9.

- *Our company has received a great return on our investment. We were able to provide training and make improvements that would have been difficult without the grant.*
- *We are very grateful for the support to provide additional training to our employees. Our company has sustained dramatic results from the training provided.*

- A total of 240 businesses contributed to the 150 projects completed from FY08-FY10. The average business contribution per project was \$321,463.
- Twenty-seven of the projects completed in FY08-FY10 involved consortiums of businesses, which allowed them to pool their resources to provide training.
- For the 49 projects completed in FY10, a total of 96 businesses contributed an average of \$325,518 per project.
- The average MJSP grant expenditure for projects completed in FY08-FY10 was \$149,227. For projects completed in FY10, the average was \$148,142.

Minnesota Job Skills Partnership Awards by Industry

Of the grants awarded in FY08-FY10, 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.

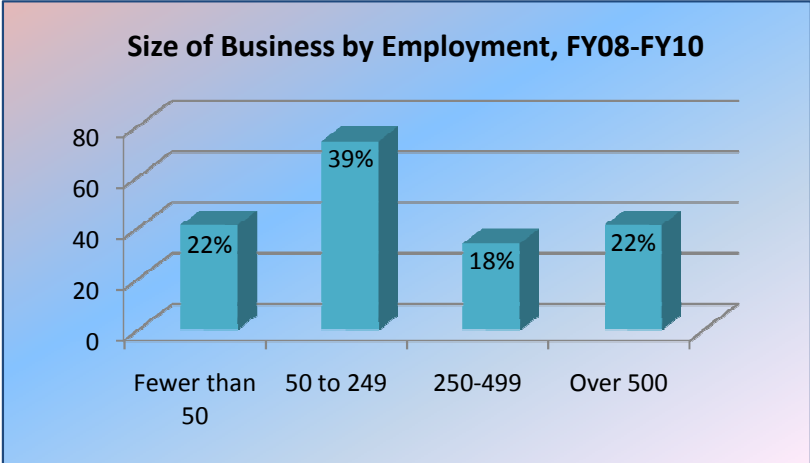
As Minnesota experiences a rapidly changing economy, attention must be given to the changing skill needs of Minnesota employers. Partnership grants have assisted businesses and industries that are expanding and need additional skilled workers, and industries whose current workers need new skills due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

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

- *Most of the training directly impacted the growth of our business. It provided us with the opportunity to bring new business to our company and to Minnesota. In turn, providing an increase in jobs. In 2009, our production team increased threefold due to new customers and increased capabilities, which we can directly link to training.*
- *The training projects have proven to have a \$2.83 million financial impact to our organization through the reduction of waste.*
- *Productivity improved 27 percent, lead time of one engine through production improved by 67 percent from two weeks to 3.75 days, turnover improved by 95 percent, quality improved by 50 percent reduction in warranty expense, safety dramatically improved - 23 months without a lost time accident and 40 percent cost reduction in workers' compensation.*
- *Lead time was reduced from 39 days to four days.*
- *Most important measure that sums up all the others: We grew business by 40 percent without adding head count.*
- *Productivity per hour, per person has increased. When we started the program we were at \$119 per hour, per person. Now we are at \$140 per hour, per person.*
- *After the first quarter training, we saw an increase in protocol compliance and specific use of equipment that was trained on. Protocol compliance went from 22 percent to 59 percent after training. Cardiac arrest survival went from 5 percent to 25 percent.*
- *We have seen a 15 percent improvement in productivity from the RGV Machine Operation training that was completed. The Transformational Leadership training has had a significant positive impact on the alignment and communication of the leadership team.*
- *Productivity growth during the program period averaged approximately 8 to 10 percent.*
- *The training concentrated on the production flow process, plant layout and design, and reduction of non-value-added activities. The new plant layout increased our usable floor space. Before, the production department occupied 12,000 to 13,000 square feet. Now we have more machines in under 10,000 square feet of space, we have reduced the number of steps the employees need to make, reduced the consumption of fabric in the cutting process, and increased the production efficiency by 15 percent since October 2009.*
- *Expand the program if possible. It is an excellent way for companies to remove some of the financial risk associated with training. Unfortunately in tough economic times, the training budget is one of the first things to be cut.*

• Outstanding program. Minnesota is sometimes perceived as unfriendly to business. However, the MJSP is a great example that shows Minnesota can really be a good place to do business.

MJSP is committed to small-business growth. Of the businesses involved in MJSP projects awarded in FY08-FY10, 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.*

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 FY08-FY10		
	Proposed	Actual
Number of Trainees	41,660	46,376
Avg. MJSP Cost Per Trainee	\$749	\$483
Completed Projects FY10		
	Proposed	Actual
Number of Trainees	10,951	13,437
Avg. MJSP Cost Per Trainee	\$885	\$540
Projects Funded in FY10		
	Proposed	
Number of Trainees	9,459	
Avg. MJSP Cost Per Trainee	\$626	

- The average wage of trainees in projects completed in FY08-FY10 was \$21.78 per hour. The average wage for projects completed in FY10 was \$24.51 per hour.
- Sixty-seven percent of the projects ending in FY08-FY10 resulted in some type of credentials for the trainees.

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

- *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.*
- *Due to the training received and the significant improvements made as a result of the training, jobs were certainly saved.*
- *Five production employees were promoted to working lead positions as a result of training and performance following training. Another six employees were promoted to various value stream aligned positions as a result of training. Also, as the training resulted in overall improved corporate performance and financials, the company was able to grant wage increases to most employees. Prior to training, the company had been under a wage freeze.*
- *No jobs were retained following the plant closure. However, it is my opinion that several of the employees took what they learned and leveraged that into new jobs.*
- *We were able to minimize layoffs because our productivity numbers remained high.*
- *The training reduced the number of hours that were cut during the downturn of the economy. It was a perfect time to work on improvements rather than cutting hours to match the amount of jobs we were working on.*

• As employees learned new skills and met performance criteria, they were able to advance to higher job position levels. This also resulted in increased wages.

Low Income Worker Training Program

For projects completed in FY08-FY10, MJSP invested \$5.7 million to provide training to 4,360 people through the Low Income Worker Training Program.

- Eighty-four percent of the trainees completed training.
- Forty-nine percent of the individuals who completed training were placed in jobs with an average wage of \$11.30 per hour.
- Eighty percent of the trainees were unemployed prior to training.
- Minorities made up 61 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. MJSP has been instrumental in helping Anoka-Ramsey Community College develop its expertise in the biosciences; Inver Hills Community College in developing expertise in IT-related areas such as Cisco Network training and IP telephony; Dakota County Technical College in developing a railroad conductor technology certificate program; Normandale College in developing expertise in semiconductor training; Saint Paul College in developing Leadership in Energy and Environmental Design (LEED) curriculum; Mesabi Range Community and Technical College in developing a new AAS degree program in industrial technology with a mining emphasis; and in making Lean Manufacturing training available in all corners of the state.

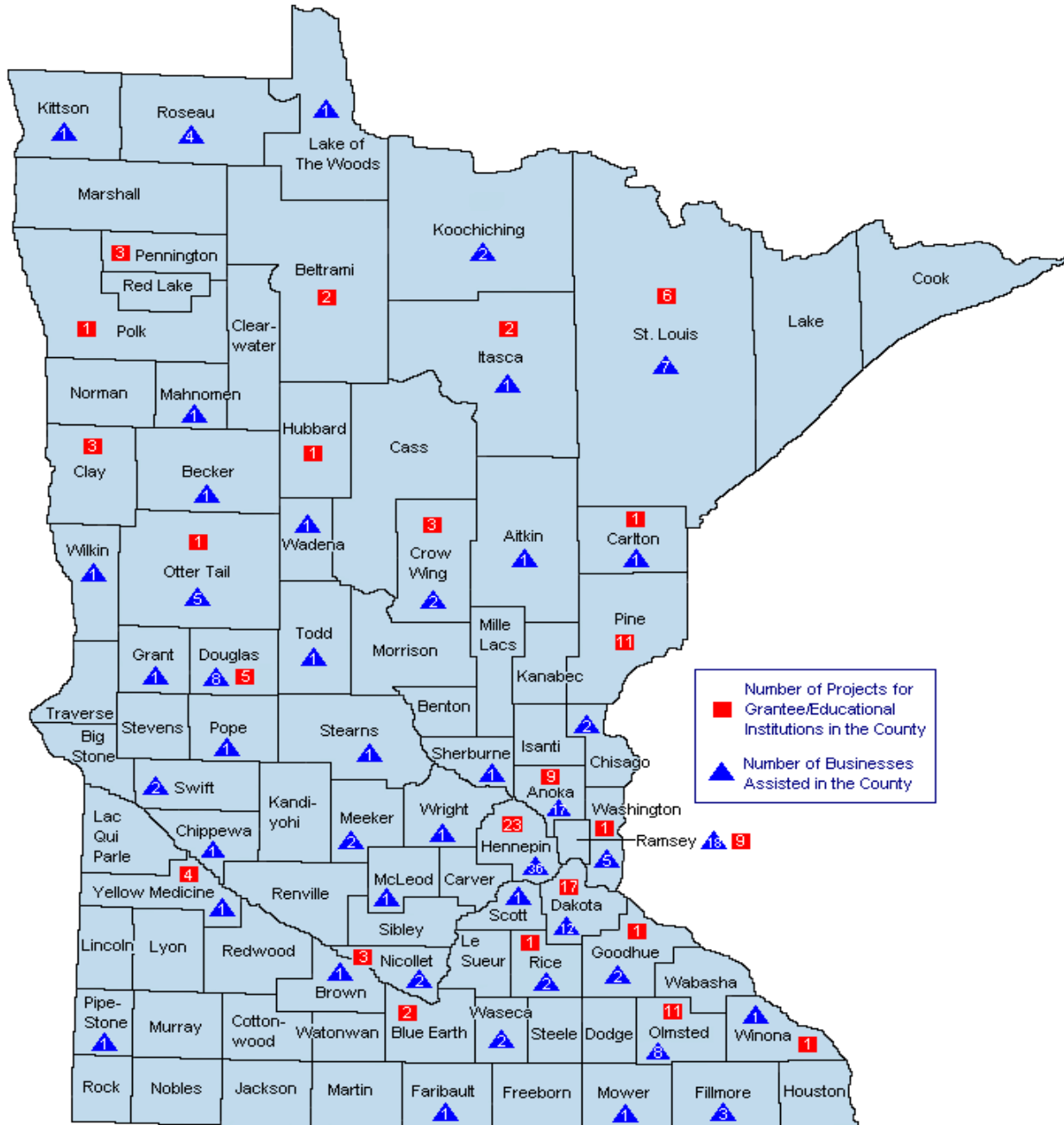
- Thirty-one public education and other institutions across the state provided training resources to businesses through grants awarded from FY08-FY10.
- Fifty-five percent of the public education and other institutions involved in MJSP projects were located in Greater Minnesota.
- Seventy-seven percent of the educational institutions involved in MJSP projects were community or technical colleges.
- Forty-four percent of the projects completed in FY08-FY10 resulted in significant new capacity for the educational institution.

Employer comments:

- *The program helps to link academia with industry and industries' needs. After all, that is what the institutions need to do: fill the need and equip students for employment.*
- *The schools and business working together results in a much better product to address the need for trained workers.*
- *Creating the opportunity for business and education to partner together is a win-win. The educational partners learn the business needs in order to better prepare students, and the business learns from education as well.*

**Minnesota Job Skills Partnership Awards by Location
Projects Awarded FY08-FY10**

MJSP is committed to the entire state of Minnesota. Of the businesses involved in MJSP projects awarded in FY08-FY10, 49 percent were located in Greater Minnesota and 51 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.



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