

Workforce Training Fund Annual Report and Performance Report: Fiscal Year 2015
Submitted to the Department of Career Services: August 14, 2015

The enabling legislation for the Workforce Training Fund (Massachusetts General Law Chapter 29 Section 2RR) requires that the Director of the Department of Career Services provide the Joint Committee on Labor and Workforce Development and the House and Senate Ways and Means Committees with a report by September 1 of each year detailing grants made in the fiscal year ending on the preceding June 30. The legislation also requires the Director to prepare a performance evaluation of the workforce training fund grants awarded.

The purpose of the Workforce Training Fund is to provide resources to Massachusetts businesses and workers to train current and newly hired employees. The Commonwealth Corporation administers the grant program which is funded through an assessment on Massachusetts' employers' Unemployment Insurance contributions. The Workforce Training Fund Advisory Board provides input on policies and reviews Commonwealth Corporation's recommendations for grant awards to businesses. (Attachment 1 provides a list of FY15 Advisory Board members.)

In FY15 the Workforce Training Fund Program offered six types of grants to Massachusetts businesses. Businesses receiving grant funds or benefiting from grant funds must contribute to the Workforce Training Fund. The six types of grants are detailed below:

1. General Program Training Grant: Businesses of any size are eligible to apply. (Intermediaries may lead a consortium application.) They may request up to \$250,000 for up to two years to support training for their workforce. Grant funds must be matched dollar-for-dollar. The match may be cash or in-kind (including wages paid to employees during training).
2. General Program Technical Assistance Grant: Businesses of any size are eligible to apply. (Intermediaries may lead a consortium application.) Grant funds support businesses in conducting a training needs assessment, developing a training plan, and customizing curricula in preparation for submitting a General Program Grant application. Grant funds must be matched dollar-for-dollar. Match may be cash or in-kind (such as the cost of staff time, materials, or other expenses directly related to approved grant activities). Grants range from \$5,000 to \$25,000; activity must be completed in 12 months or less.
3. Express Program Grant: Businesses with 100 or fewer employees are eligible to apply. Grant funds will pay for up to 50% of the cost of an employee's participation in training courses selected from a database of pre-qualified courses. Businesses may receive up to \$30,000 per calendar year; the maximum payment per trainee per course is \$3,000.
4. Regional Training Capacity Pilot Program: Businesses of any size are eligible to participate. Ten organizations across Massachusetts were selected through a competitive procurement process to offer seats in their training programs to employees of Massachusetts businesses. The programs offer training in continuous improvement, computer skills, supervisory skills, and manufacturing skills. Grant funds pay 100% of the cost of a training seat; a

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participating business must pay its employees' wages for 100% of the time they spend in training that is funded through the grant.

5. Hiring Incentive Training Program Grant (HITG): Businesses of any size were eligible to apply. Grant funds were intended to support businesses in hiring and retaining MA residents who are military veterans or who have been unemployed for at least six months. Businesses were required to hire and retain the eligible new employee for at least 180 days to receive payment. (Note: the retention period was changed from 120 days to 180 days for new employees hired on or after August 15, 2014.) Businesses were eligible to receive up to \$40,000 per calendar year, \$5,000 per eligible new hire. (Note: on November 18, 2014 the Advisory Board for the Workforce Training Fund voted to freeze the HITG program effective November 30, 2014. Additional information is provided in **Part Two** of this report.)
6. Employment Incentive Pilot Program (EIPP): This pilot program began in August 2014. Businesses of any size are eligible to apply. Grant funds are intended to support businesses in hiring and retaining MA residents who have disabilities. To protect individuals' rights to make decisions about whether to disclose a disability, Commonwealth Corporation offers the program in partnership with organizations with expertise in supporting individuals with disabilities to prepare for and secure employment. Businesses are required to hire and retain the eligible new employee for at least 120 days to receive payment. Businesses are eligible to receive up to \$40,000 per calendar year, \$5,000 per eligible new hire.

Part One of this report provides information regarding the various Workforce Training Fund grants awarded in FY15. In FY15, more than \$25 Million in training, planning and hiring incentive grants were awarded through the Workforce Training Fund's five grant vehicles. As a result, thousands of employees and hundreds of Commonwealth businesses are projected to benefit.

Part Two of this report provides data on the performance of Workforce Training Fund grants that were awarded by Commonwealth Corporation in FY15 or in previous years and were closed in FY15. These grants have supported the training of thousands of employees and assisted in the development of hundreds of businesses across the Commonwealth.

PART ONE: GRANTS AWARDED IN FY14

FY 15 General Program Training Grant Awards

In FY15, Commonwealth Corporation awarded 164 General Program Training Grants involving 249 businesses. (Note: this includes 8 consortium grants involving 85 businesses.) The total amount awarded was \$16,244,274. In total, the businesses plan to train 13,403 workers with these funds. (Attachment 2 provides a list of all General Program Training Grants awarded in FY15.) The businesses

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projected that, as a result of the training, by the end of their two-year grant periods they will hire 1,160 additional (full-time equivalent) workers. Training topics included process and quality improvement, preparation for international industry standards certification, sales and customer service, supervisory and leadership, technical and business software, blueprint reading and geometric tolerancing, and project management.

The following provides information about the industry distribution of the businesses involved in the FY15 General Program Training Grant awards:

FY15 General Program Training Grants
Award Amount by Industry

Industry	Award Amount	Percent of Total
Accommodation and Food Services	\$421,120	3%
Arts, Entertainment, and Recreation	\$24,920	0%
Construction	\$743,657	5%
Educational Services	\$184,344	1%
Finance and Insurance	\$1,708,666	11%
Health Care and Social Assistance	\$951,943	6%
Information	\$223,002	1%
Manufacturing	\$8,696,124	54%
Other Services (except Public Administration)	\$665,201	4%
Professional, Scientific, and Technical Services	\$1,311,940	8%
Retail Trade	\$480,505	3%
Transportation and Warehousing	\$352,574	2%
Wholesale Trade	\$480,278	3%
Total	\$16,244,274	100%

FY 15 General Program Training Grants
Number of Grant Awards by Industry

Industry	# of Awards	Percent of Total
Accommodation and Food Services	4	2%
Arts, Entertainment, and Recreation	1	1%
Construction	6	4%
Educational Services	4	2%
Finance and Insurance	15	9%
Health Care and Social Assistance	12	7%
Information	1	1%
Manufacturing	89	54%

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FY 15 General Program Training Grants
Number of Grant Awards by Industry

Other Services (except Public Administration)	6	4%
Professional, Scientific, and Technical Services	13	8%
Retail Trade	3	2%
Transportation and Warehousing	3	2%
Wholesale Trade	7	4%
Grand Total	164	100%

The following provides information about the regional distribution of the businesses involved in the FY15 General Program Training Grant awards:

FY15 General Program Training Grants
Award Amount by WIB Region

WIB Region	Award Amount	Percent of Total
Boston	\$788,326	5%
Bristol	\$414,140	3%
Brockton	\$522,512	3%
Cape & Islands	\$483,850	3%
Central MA	\$1,225,568	8%
Franklin/Hampshire	\$168,650	1%
Greater Lowell	\$1,704,463	10%
Greater New Bedford	\$560,380	3%
Hampden	\$1,476,364	9%
Merrimack Valley	\$493,462	3%
Metro North	\$2,841,883	17%
Metro South/West	\$3,070,558	19%
North Central MA	\$780,143	5%
North Shore	\$1,103,538	7%
South Shore	\$610,438	4%
Grand Total	\$16,244,274	100%

FY15 General Program Training Grants
Number of Grant Awards by WIB Region

WIB Region	# of Awards	Percent of Total
Boston	8	5%
Bristol	5	3%
Brockton	9	5%

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FY15 General Program Training Grants
Number of Grant Awards by WIB Region

Cape & Islands	4	2%
Central MA	13	8%
Franklin/Hampshire	4	2%
Greater Lowell	13	8%
Greater New Bedford	6	4%
Hampden	20	12%
Merrimack Valley	6	4%
Metro North	21	13%
Metro South/West	28	17%
North Central MA	9	5%
North Shore	11	7%
South Shore	7	4%
Grand Total	164	100%

In addition, in FY15 Commonwealth Corporation awarded supplementary grants totaling \$42,600 to two current grantees. (Attachment 2 provides a list of these grants.) These grantees identified additional training needs after beginning their grant period. A grantee may apply for a supplemental grant under the following conditions:

- The initial grant plus the requested supplemental grant may not exceed the maximum allowable limit of \$250,000.
- The additional training activities can be completed within the two-year grant limit of the original grant.
- The additional training activities will not interfere with the grantee's ability to complete the training activities planned in the original grant.

FY15 General Program Technical Assistance Grant Awards

In FY15 Commonwealth Corporation approved 4 grant applications for needs assessment and training program design, involving 21 businesses. One application was from a single business; one was from a Chamber of Commerce representing multiple businesses; one was from a non-profit membership association representing multiple businesses; one was from a business representing multiple businesses. The total amount awarded was \$83,989. (Attachment 2 provides a list of all General Program Technical Assistance Grants awarded in FY15.)

FY15 Express Program Grant Awards

In FY15 Commonwealth Corporation approved 302 grant applications from 238 businesses, seeking a total of \$1,500,098 in grant funds to train 2,238 employees. (Note: businesses may submit multiple applications; employees may participate in multiple courses.) Training topics included process and quality improvement, preparation for international industry standards certification, sales and customer service, supervisory and leadership, occupation specific technical training, and project management.

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FY15 Regional Training Capacity Pilot Program

The intent of this program, which was developed by the Workforce Training Fund Advisory Board, is to pilot a model that provides businesses with more streamlined access to training than the other grant programs. Through a competitive procurement process, Commonwealth Corporation awarded a total of \$1,841,660 in grants to 10 organizations to offer Massachusetts businesses a total of 3,032 seats for their employees in a set of pre-approved programs. The organizations market the opportunity to Massachusetts businesses, enroll and train workers referred by the businesses, and are reimbursed for training costs with grant funds on a per seat basis. Referring businesses do not pay any of the training costs but are required to pay their workers' wages for any time spent in training that is paid for with the grant. This grant program began operating in December 2014. By the end of FY15, the grantees had, cumulatively, trained 1,161 participants from 127 businesses and been reimbursed \$610,953 for training costs. (Note: the number of participants is not unduplicated. Participants may enroll in multiple training courses.)

FY15 HITG Program Grant Awards

In FY15 Commonwealth Corporation approved 1,037 applications from 401 businesses, seeking a total of \$6,945,000 in incentive payments for hiring and retaining 1,446 eligible new employees. Of these, 88 new employees were military veterans.

FY15 EIPP Program Grant Awards

In FY15 Commonwealth Corporation approved 5 applications from 5 businesses, seeking a total of \$35,000 in incentive payments for hiring and retaining 7 eligible new employees.

PART TWO: GRANTS CLOSED IN FY15

General Program Training Grants Closed in FY15

In FY15 83 General Program Training Grants closed. The total original contract amount for the 83 grantees was \$8,323,666; the final total amount expended at the end of the grant periods was \$7,392,000. Forty-five of the 83 grantees did not expend their full contract amount. The total amount reported by the grantees in in-kind and cash match contributions was \$11,551,147, exceeding the dollar-for-dollar match requirement. The following three tables provide information about the closed grants, grant expenditures and grant match by Workforce Investment Board region.

FY15 Closed General Program Training Grants
Number and Percent of Grants by WIB Region

WIB Region	# of Grants	Percent of Total
Berkshire	3	4%
Boston	3	4%
Bristol	7	8%

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FY15 Closed General Program Training Grants
Number and Percent of Grants by WIB Region

WIB Region	# of Grants	Percent of Total
Brockton	2	2%
Cape & Islands	2	2%
Central MA	7	8%
Franklin/Hampshire	1	1%
Greater Lowell	1	1%
Greater New Bedford	4	5%
Hampden	5	6%
Merrimack Valley	5	6%
Metro North	8	10%
Metro South/West	19	23%
North Central MA	3	4%
North Shore	5	6%
South Shore	8	10%
Grand Total	83	100%

FY15 Closed General Program Training Grants
Expenditures by WIB Region

WIB Region	Expenditures	Percent of Total
Berkshire	\$255,939	3%
Boston	\$153,400	2%
Bristol	\$469,464	6%
Brockton	\$303,369	4%
Cape & Islands	\$199,766	3%
Central MA	\$799,730	11%
Franklin/Hampshire	\$124,730	2%
Greater Lowell	\$42,228	1%
Greater New Bedford	\$600,406	8%
Hampden	\$242,330	3%
Merrimack Valley	\$385,154	5%
Metro North	\$626,355	8%
Metro South/West	\$1,652,258	22%
North Central MA	\$276,735	4%
North Shore	\$305,178	4%
South Shore	\$954,958	13%
Grand Total	\$7,392,000	100%

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FY15 Closed General Program Training Grants
Reported Private Match Contribution by WIB Region

WIB Region	Match Amount	Percent of Total
Berkshire	\$406,605	4%
Boston	\$189,249	2%
Bristol	\$658,311	6%
Brockton	\$404,273	3%
Cape & Islands	\$368,183	3%
Central MA	\$1,561,646	14%
Franklin/Hampshire	\$148,237	1%
Greater Lowell	\$49,493	0%
Greater New Bedford	\$784,956	7%
Hampden	\$329,929	3%
Merrimack Valley	\$657,598	6%
Metro North	\$999,239	9%
Metro South/West	\$2,325,998	20%
North Central MA	\$383,599	3%
North Shore	\$713,923	6%
South Shore	\$1,569,909	14%
Grand Total	\$11,551,147	100%

In total, the 83 grantees planned to train 7,476 employees; the actual number of trainees reported was 7,716 or 240 more trainees than planned. Thirty-three of the 83 grantees did not train as many workers as originally planned. These grantees reported that changes in business circumstances affected their ability to conduct all of the training they had originally planned. The following table provides information about the number of trainees by Workforce Investment Board region.

FY15 Closed General Program Training Grants
Number of Trainees by WIB Region

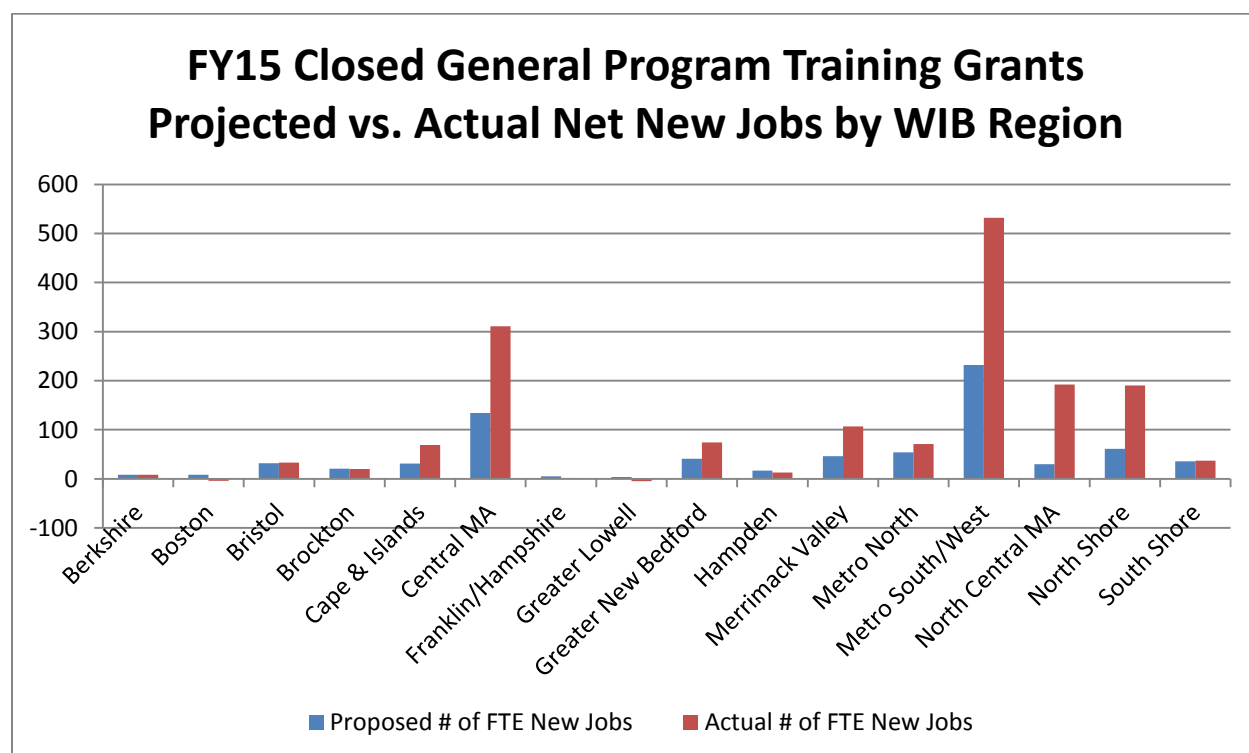
WIB Region	# Trained	% of Total
Berkshire	399	4%
Boston	45	4%
Bristol	398	8%
Brockton	197	2%
Cape & Islands	478	2%
Central MA	1173	8%
Franklin/Hampshire	86	1%
Greater Lowell	29	1%
Greater New Bedford	696	5%

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FY15 Closed General Program Training Grants
Number of Trainees by WIB Region

WIB Region	# Trained	% of Total
Hampden	127	6%
Merrimack Valley	401	6%
Metro North	615	10%
Metro South/West	1643	23%
North Central MA	232	4%
North Shore	479	6%
South Shore	718	10%
Grand Total	7716	100%

In total, the 83 grantees projected adding 760 workers as a result of training; the actual number of net new jobs (full-time equivalent) reported was 1,651, which is 891 more new jobs than projected. Sixty-six of the grantees reported net new jobs as compared to the beginning of their grant period. However, 29 of the 83 grantees did not create as many new jobs as they had projected. The following chart provides information about the projected versus actual count of reported new jobs created, by Workforce Investment Board region.



Grants awarded to businesses in the manufacturing industry made up the largest share (45 out of 83) of the General Program Training Grants that closed in FY15. The next largest industry sector was Finance

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and Insurance. The following tables and charts provide information by industry sector on the number of grants closed, grant expenditures and reported match contributions, number of trainees and the number of net new jobs created (full-time equivalent) as reported by the 83 General Program grantees.

FY15 Closed General Program Training Grants
Number and Percent of Grants by Industry

Industry	# of Grants	Percent of Total
Accommodation and Food Services	2	2%
Administrative and Support and Waste Management and Remediation Services	1	1%
Construction	4	5%
Finance & Insurance	12	14%
Health Care & Social Assistance	2	2%
Manufacturing	45	54%
Other Services (except Public Administration)	2	2%
Professional, Scientific & Technical Services	9	11%
Retail Trade	2	2%
Transportation and Warehousing	2	2%
Wholesale Trade	2	2%
Grand Total	83	100%

FY 15 Closed General Program Training Grants
Expenditures by Industry

Industry	Expenditures	Percent of Total
Accommodation and Food Services	\$219,565	3%
Administrative and Support and Waste Management and Remediation Services	\$92,050	1%
Construction	\$227,054	3%
Finance & Insurance	\$1,320,447	18%
Health Care & Social Assistance	\$308,084	4%
Manufacturing	\$3,907,734	53%
Other Services (except Public Administration)	\$107,608	1%
Professional, Scientific & Technical Services	\$709,671	10%
Retail Trade	\$84,268	1%
Transportation and Warehousing	\$314,210	4%
Wholesale Trade	\$101,309	1%
Grand Total	\$7,392,000	100%

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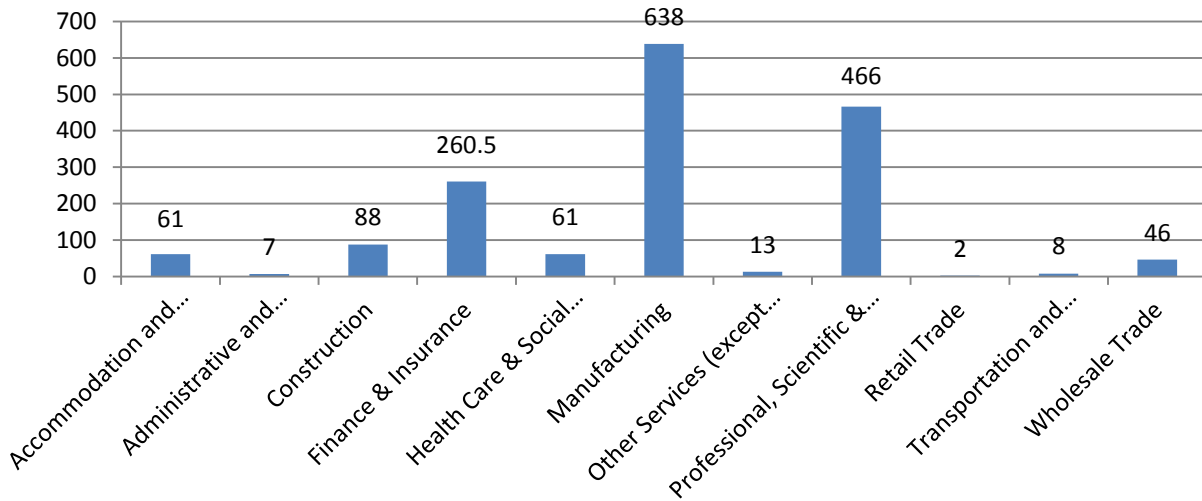
FY15 Closed General Program Training Grants
Reported Private Match Contribution by Industry

Industry	Match Amount	Percent of Total
Accommodation and Food Services	\$251,147	2%
Administrative and Support and Waste Management and Remediation Services	\$115,082	1%
Construction	\$549,054	5%
Finance & Insurance	\$2,551,587	22%
Health Care & Social Assistance	\$480,431	4%
Manufacturing	\$5,515,568	48%
Other Services (except Public Administration)	\$120,305	1%
Professional, Scientific & Technical Services	\$1,266,792	11%
Retail Trade	\$90,909	1%
Transportation and Warehousing	\$398,620	3%
Wholesale Trade	\$211,652	2%
Grand Total	\$11,551,147	100%

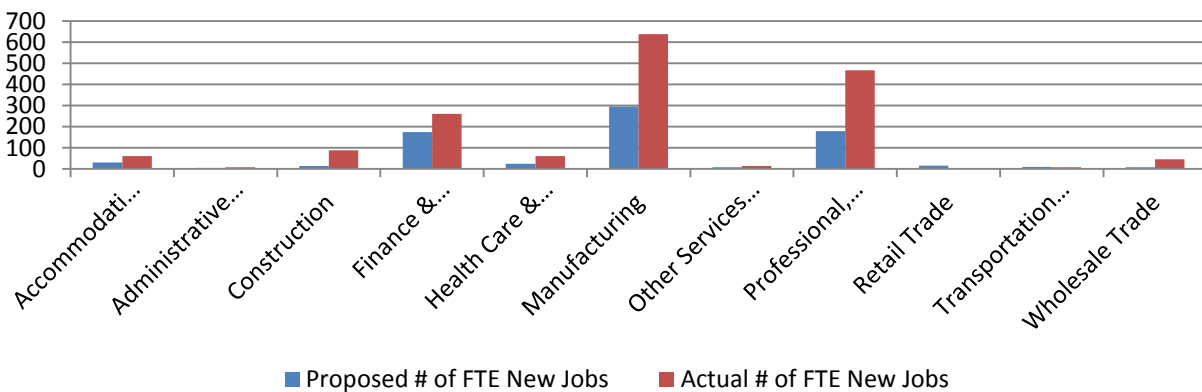
FY15 Closed General Program Training Grants
Number of Trainees and Percent by Industry

Industry	# Trained	% of Total
Accommodation and Food Services	513	2%
Administrative and Support and Waste Management and Remediation Services	39	1%
Construction	171	5%
Finance & Insurance	2028	14%
Health Care & Social Assistance	244	2%
Manufacturing	3457	54%
Other Services (except Public Administration)	147	2%
Professional, Scientific & Technical Services	769	11%
Retail Trade	73	2%
Transportation and Warehousing	99	2%
Wholesale Trade	176	2%
Grand Total	7716	100%

FY15 Closed General Program Training Grants Number of Net New Jobs Reported Created (FTE) by Industry



FY15 Closed General Program Training Grants Projected vs. Actual Net New Jobs Reported Created (FTE) by Industry



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General Program Training Grants Withdrawn in FY15

In FY15 five businesses that had been awarded General Program Training grants elected to withdraw from the program prior to completing training. This was primarily due to changes in business conditions. In addition, Commonwealth Corporation canceled three awards. This occurred because the grantees were unable to comply with reporting requirements or could not carry out their approved training plans.

General Program Technical Assistance Grants Closed in FY15

Three General Program Technical Assistance grantees completed their needs assessment and planning grant activities and closed their grants in FY15. In total, they had been awarded \$63,340 in grant funds; all 3 expended all of the funds awarded to them. In total, the grantees reported private match contributions of \$70,719, exceeding the dollar-for-dollar match requirement. Two of the 3 grantees subsequently applied for and received General Program Training grants in FY15. A fourth grantee, which was awarded a grant in FY15, withdrew from the program prior to beginning grant activities.

Express Program Grants Closed in FY15

In FY15 Commonwealth Corporation closed 299 Express Program grants. The total expenses for these grants were \$994,625. These grants served 1,597 employees.

HITG Program Grants Closed in FY15

In FY15 Commonwealth Corporation made \$4,505,000 in incentive payments to businesses that had hired and retained 901 eligible new workers (Massachusetts residents who are military veterans or were previously unemployed for 6 months or longer) for the required retention period (at least 120 days for new hires hired before 8/15/14 and 180 days for new hires hired on or after 8/15/14). As discussed in **Part One** of this report, on November 18, 2014 the Advisory Board for the Workforce Training Fund voted to freeze the HITG program effective November 30, 2014.

The Board took this action, at the recommendation of Commonwealth Corporation, because funding requests for Hiring Incentive Training Grants were growing at an unsustainable rate. In FY13, requests totaled \$544,000. In FY14, requests totaled \$4.75 million. Requests received by mid-November in FY15 were estimated to result in close to \$5 million in payments. This was the amount budgeted for this program for the entire fiscal year.

EIPP Program Grants Closed in FY15

In FY15 Commonwealth Corporation made \$30,000 in incentive payments to businesses that had hired and retained 6 eligible new workers (Massachusetts residents who have a disability) for at least 120 days.