

FLORIDA'S INCUMBENT WORKER TRAINING PROGRAM

ANNUAL REPORT

FY 03/04

As required by Section 445.003(h),
Florida Statutes

**EMPLOY
FLORIDA**



INCUMBENT WORKER TRAINING PROGRAM

A Program of Workforce Florida, Inc.

Ray Gilley, Chair
Curtis Austin, President

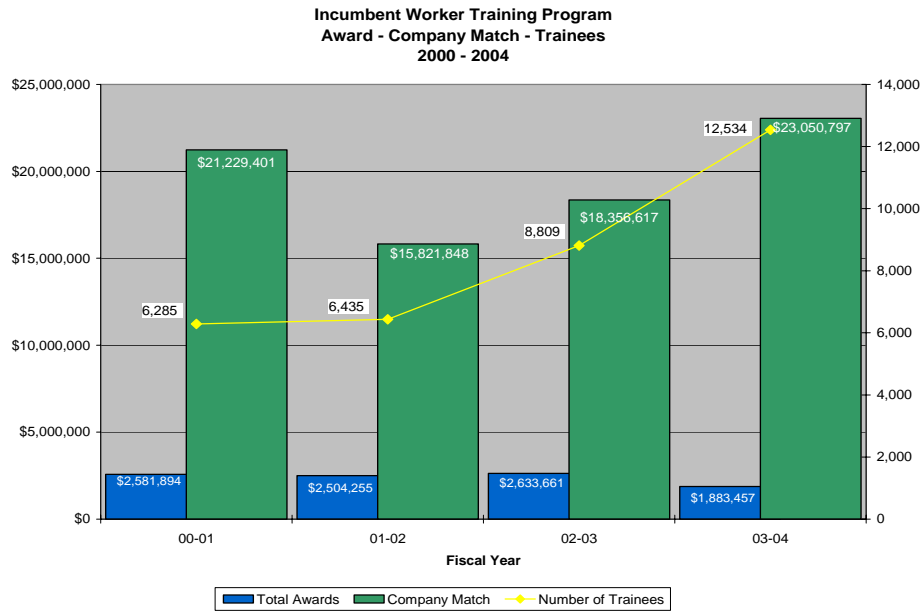
BACKGROUND

Florida's Incumbent Worker Training (IWT) Program, established by Section 445.003, Florida Statutes as part of the Workforce Innovation Act of 2000, has successfully completed its fourth year under the administration of Workforce Florida, Inc. (WFI). The program is funded out of the State's 15% discretionary funds provided by Florida's allocation of Federal Workforce Investment Act (WIA). As a result of these funds and earlier planning, the effects yielded the establishment of a flexible program structured to be responsive to the training needs and objectives of Florida businesses.

The program serves the interests of both the state's employers and their employees by supporting high-quality, market-driven education and skills training. Qualified Florida businesses can receive funding to train current workers in new skills or upgraded skills. It is designed to benefit businesses by enhancing the skills of employees, thereby increasing employee productivity and the potential for company growth. Workers who receive the training and skill credentials add to the state's talent pool and acquire the potential for increased productivity, higher wages, and improved employability in the event of layoffs or plant closures. Training in portable skills results in a more highly-skilled and versatile workforce that contributes to Florida's ability to attract new businesses and creates an environment that is conducive to the expansion of existing

businesses. These goals, when achieved, improve worker productivity and allow Florida businesses to remain competitive in a very demanding global economy.

Since inception of the pilot IWT program in October 1999, more than 483 businesses throughout the State have received grant awards for skill upgrade training of 41,983 employees. With this customer-driven program, Florida is able to effectively retain and assist businesses in being more competitive through training for their existing employees.



Eligibility

To be eligible for the program's grant funding, a business must have been in operation in Florida for a minimum of 1 year prior to the application for grant funding; have at least one full-time employee; demonstrate financial viability; and be current on all state tax obligations. Priority for funding shall be given to businesses with 25 employees or fewer, businesses in rural areas, businesses in distressed inner-city areas, businesses in a qualified targeted industry, businesses whose grant proposals represent a significant upgrade in employee skills, or businesses whose grant proposals represent a significant layoff avoidance strategy.

All training grants awarded to companies are performance-based, expense reimbursement contracts; companies are only reimbursed for pre-approved and documented training expenses associated with the number of incumbent workers completing training during the contract period. The business may use public, private and/or its own in-house training provider based on the nature of the training and business preference. Considering, all awards, the state average per trainee for FY03/04 funds was \$214. The employer's contributions for these funds totaled \$1,847 per trainee.

2003-2004 Overview

With a statutory allocation of \$2,000,000 the demand for IWT funds again far exceeded this amount, as evidenced by 122 requests totaling \$6,906,482. Of these requests, 104 companies were awarded grants which totaled \$2,692,379 with a projected number of 14,713 incumbent workers to be trained. Seven percent were to minority-owned businesses, seven percent declined their awards and six percent of the awards were not activated. By June 30, 2004, 70 individual companies had turned in final reports reporting 12,534 incumbent workers receiving training under the Program.

FUNDING IDENTIFIED BY STATE MANDATED PRIORITIES

Businesses with 25 or fewer employees. Eighteen businesses with 25 or fewer employees applied for an Incumbent Worker Training Grant. Of these fourteen companies (78%), qualified and were awarded grants representing 17 % of all IWT Program training grants awarded in FY 03/04.

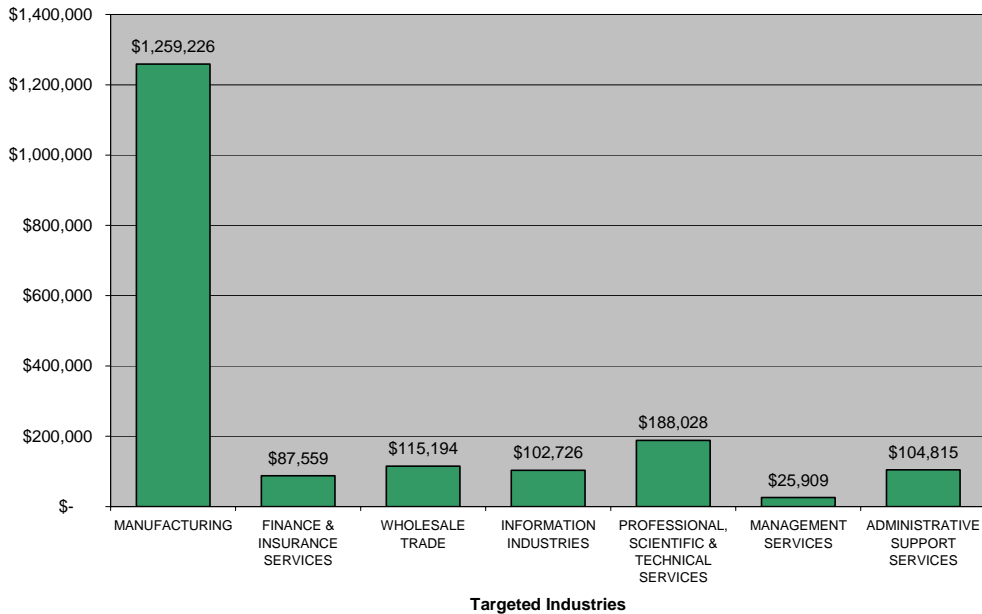
The IWT Program also measures performance by the number of grants provided to companies with 100 or fewer employees. Forty-two applications were received from businesses with 100 or fewer employees and thirty six (86%) of the businesses in this category qualified and were awarded state IWT Program training grants. This represented 43% of all IWT Program training grants awarded in FY 03/04.

Efforts are being made in strengthening relationships with local regional workforce boards, economic development entities, as well as other groups to market the program with a major focus on small businesses. There is additional outreach to companies in rural communities through active participation with Florida's Rural Economic Development Initiative (REDI).

Businesses located in rural and inner city areas. Fourteen businesses located in rural, distressed inner city areas, and/or Enterprise Zones submitted IWT grant applications. Eleven of these (79%) qualified and received an IWT grant. This represents 13% percent of the total number of training grants awarded in FY 03/04.

Businesses in a qualified targeted industry Seventy-six businesses receiving IWT grant awards represented twenty-one of the twenty-seven industries on Florida's Qualified Targeted Industry list which is compiled and approved by the Governor's Office of Tourism, Trade, and Economic Development (OTTED) in consultation with Enterprise Florida, Inc. This list can be found at www.eflorida.com. One hundred percent of the IWT grant awards for this fiscal year included businesses from each of the main sectors: Manufacturing (67%), Administrative Support Services, Finance & Insurance Companies (11%), Information Industries (5%), Wholesale Trade (6%), Professional, Scientific, Technical & Management Services (11%).

**INCUMBENT WORKER TRAINING AWARDS BY TARGETED INDUSTRY
2003 - 2004**



Lay off aversion Twenty-four businesses (23%) receiving IWT grant awards this year implemented Incumbent Worker Training as part of their strategy to avoid lay offs. The IWT funding not only allows businesses to upgrade the skills of their employees, it also affords the employees the opportunity to cross train and become more of an asset to the company; thereby further reducing the need for lay offs.

TRAINING PROVIDERS – PRIVATE SECTOR INVOLVEMENT

The flexibility of the Florida Incumbent Worker Program is evident in the options of training delivery methods available to businesses. While some businesses conducted training on site, other businesses utilized a variety of other methods such as classroom style, computer-based, internet-based as well as video-based delivery methods. Training delivered off-site included the use of public

institutions such as community colleges and technical centers as well as private training provider locations. Eleven percent of the companies utilized public institutions and 26% of the companies used a combination of public and private providers, employees, video, computer or internet-based training. Well over half of the training (63%), was provided by private training providers or company employees. The high percentage of companies utilizing private training providers is due in part to their need for specific “customized” training and for the training to take place on site.

EMPLOYER FEEDBACK

In addition to a monthly expenditure and training progress report, companies receiving IWT grant awards provide a Final Program and Budget. Included in the report is a section to provide feedback regarding the IWT Program. At the time of this report, 51 companies had submitted their evaluations representing a 74% response rate based on 70 companies completing their training by June 30, 2004.

The following table shows the percentage rates of the responses. Respondents were asked to rate seven aspects of the IWT Program using a scale from 1 – 5, with 1= Poor, 3 = Good, and 5 = Excellent.

SCALE: 1 = Poor 3 = Good 5 = Excellent

	1	2	3	4	5
Grant Application Process	0%	4%	20%	47%	29%
Staff Responsiveness to Questions and Concerns	0%	2%	0%	18%	80%
Cumulative Monthly Expenditure Forms	0%	2%	31%	40%	27%
Trainee Information Forms	0%	4%	32%	34%	30%
Reimbursement Process	0%	0%	18%	39%	43%
Final Program & Budget Report	0%	0%	20%	41%	39%
Overall Rating of the IWT Program	0%	0%	12%	40%	48%

No responses were received in the “Poor” rating. All aspects of the program received from 63% to 98% responses in the “Good” to “Excellent” ratings: Below are comments from participating companies that were extracted from the final IWT grant reports:



“A program like IWT is an investment in jobs and companies that already exist and contribute to our community and state. This is a successful program developed to enhance employees and companies and their contribution to the economic health of the state is extremely valuable.”

AI Faulkner, Lean Manufacturing Coordinator
Solutia, Inc.

“During the time of this grant we were able to promote two of our Sales Assistants to Account Executives due in part to the Sales Assistant training we set up with the grant. Overall, we were pleased with the flexibility that we were given with the program.”

Michelle Overbeck, CFO
Nexxtworks, Inc.



“We have met our training goals. Puch Manufacturing would not have been able to pursue ISO9000 without the IWT grant!”

Bryan Puch, Operations Manager
Puch Manufacturing

Site visits by IWT staff to selected participating companies were performed to 10% of the grant recipients.

LONG-TERM TRAINING OUTCOMES

Businesses receiving IWT grant awards provide specific trainee information to Workforce Florida, Inc. Data elements are captured and submitted to the Agency for Workforce Innovation and the Florida Education and Training Placement Information Program (FETPIP) for both long-term and short-term analyses. These analyses provide information regarding wage gains and job retention, as well as potentially shorter terms of unemployment in the case of layoffs as a result of skills upgrade training provided through IWT training grants to employers. It is evident companies are realizing the value of training in helping position employees for the future and to improve their bottom line.

FY 2004/2005 IWT PROGRESS REPORT

The Legislature allocated \$2,000,000 of the state's 15% discretionary WIA funds for the FY04/05 IWT program, as specified in statute. In addition, \$1,014,357 in unexpended funds from the FY 03/04 was carried forward to FY 04/05. These unexpended funds can be attributed to: economic conditions, over projection of training costs as well as changes in proposed training courses resulting in a lesser cost for specific training.

As of September 1, 2004, 62 applications have been received and 46 awards totaling \$1,683,239 have been made representing companies located in 20 counties.

CONCLUSION

The success of the IWT program led the Board of Directors of Workforce Florida to require each local regional workforce board to adopt a policy incorporating the principles of the Incumbent Worker Training Program in their local plan. This is now part of their local performance measures. By using the statewide program as a prototype, the regional boards are using their local Workforce Investment Act funds to retrain workers, maintain employer's competitive abilities and proactively prevent layoffs. In addition, for FY 04/05, WFI's High Skills/High Wages Council issued grant solicitations totaling \$3 million to local regional workforce boards to provide additional funding to support training activities for manufacturing, "other" targeted industries and targeted companies in rural communities.

IWT staff actively participates in numerous meetings, workshops and conferences to heighten the awareness of funding availability for skill upgrade training for Florida companies. Through the IWT program, businesses can remain competitive, thrive and stay in Florida.