

Evaluation of RevUp's Post-Employment Initiative

I. Executive Summary

What was the initiative? During RevUp Montana, workforce estimates suggested Montana will experience a significant demographically-driven worker shortage during the next decade. Since Montana suffers from relatively low worker productivity, there is an opportunity to mitigate the impact by “upskilling” incumbent workers; however, institutions are not currently well situated to offer short-term, credential-bearing technical training. RevUp sought to expand opportunities for businesses to access this kind of “postemployment” training in 4 key occupations: welding/fabrication, CDL, industrial maintenance and industrial safety training.

What were the results? RevUp expanded postemployment opportunities in welding/fabrication (mobile), safety and CDL training (mobile); however the scope of opportunity remains small and lacks a strong institutional or agency leader. Meaningful progress was not made in the expansion of industrial maintenance.

What are the implications? In an October 13, 2016 talk in Whitefish, Neel Kashkari, CEO of the Minneapolis Federal Reserve Bank, claimed there are only two ways to increase workforce participation: (1) immigration and (2) increasing wages. Given that both are likely non-starters in Montana, there are few ways to help businesses maintain their current level of productivity let alone encourage growth. Without a concerted effort to increase the capacity of short-term training, it seems unlikely that Montana's economy will continue to flourish.

II. Background on the Initiative

Great Falls College MSU had been exploring creation of a Trans-border Welding Center capable of supporting businesses and their existing and potential employees by offering training that aligned with industry-recognized credential in both nations (Canada and US). To help enhance this effort, GFC MSU procured a mobile training classroom with grant-funds to support remote training opportunities.

As the project progressed labor market information became available that highlighted an expected worker shortage in Montana. In 2015, DLI began reporting that the state would be short 24,000 workers over the next decade, a gap born from the retirement of 130,000 baby-boomers. RevUp staff believed the workforce gap estimates and the larger skills gap to be critical issues. DLI's analysis assumed that Montana's unemployment rate would shrink to roughly 1%, wage pressure would lead to high workforce participation and that job demand will continue to grow by 6,500 annually. Under typical workforce participation conditions only 80,000-90,000 new 16-24 y.o. workers will be available to fill the spaces vacated by retirees and those needed by growing businesses. Further expectations should be that less than half (>40,000) of these workers will enter any form of postsecondary training and that less than half (>20,000) will be successful in their pursuit of postsecondary credentials, while the economy might demand closer to 65,000 workers with some postsecondary training (assuming 62% of jobs in Montana will require postsecondary training by 2018¹). All of this to suggest that the skills (or productivity) gaps, as opposed to just worker shortage, might be closer to 100,000 individuals. This would have significant ramifications for Montana's economy in the near future. Compounding this issue is that Montana has relatively low worker productivity (GDP/worker) which typically indicates a lack of technology integration in the workplace.

DLI's Incumbent Worker Training (IWT) program seeks to support Montana Businesses in upskilling their current employees but tends to fund training on a first-come, first-served basis without sensitivity to the economic priorities or workforce needs. WIOA legislation emphasizes that job-seekers being served by public workforce

¹ <https://cew.georgetown.edu/cew-reports/help-wanted/#full-report>



systems must enter training programs that result in a credential; however, funding is typically limited to short-term training options. Very few short-term training programs that result in credentials are offered in Montana.

As a result, RevUp began exploring ways to ramp up training focused on “upskilling” incumbent workers, or helping increasing the productivity of existing workers through short-term training. RevUp hired Thomas P. Miller and Associates (TPMA) to conduct a gaps analysis of needed and available short-term training in the state.

Highlights from the TPMA report include:

- Approximately 30% of employers report having unmet needs for short-term training for their employees.
- Employers are interested in seeing the public workforce training system offer training programs to increase job-specific KSAs for their existing workforce, and they indicated they would be willing to pay an average of \$508 per year in order to access training modules to “up-skill” workers and indicated they would be willing to pay an average of \$508 per year in order to access such a service. For example:
 - Employers are willing to pay over \$1.1 million to meet the training gap for Welding Technician & Fabricators over the next 5 years where the private sector suggested over 18,500 hours of training are projected to go unmet over the next 5 years.
 - Most employers are willing to pay a premium to meet their training gaps, compared to the budget per training hour they currently pay to provide training to their employees (nearly \$660 per hour for the Diesel Technician for instance).
- TPMA found that a model in which business were charged a membership and a brokerage fee for being connected to training providers could break even in 4 years assuming 15% of MT manufacturing businesses participated and an investment was made in marketing the opportunity across the state.

Analysis suggested that short-term training was financially infeasible on the local level. In other words, local businesses were unlikely to generate enough demand to support a consistent local college program. On the other hand without consistent offerings, employers were likely to consider looking elsewhere to meet their training needs. More feasible, seemed a centralized approach in which one entity marketed specific short-term offerings across the whole state.

III. Initial Goals

RevUp sought to open up access to consistent short-term technical training to up-skill incumbent workers for businesses across the state. The project sought to do this by building the capacity of specific existing programs by: (1) increasing an entrepreneurial approach (marketing to a state-wide market), (2) enabling mobile training, and (3) aligning training with specific industry-recognized credentials (IRCs) in the occupational areas where the largest market for such training had been created in other states (welding/fabrication, industrial maintenance, CDL and safety training).

Bitterroot College would champion mobile CDL training, GFC MSU would champion welding/fabrication, City College would champion safety training and Montana Manufacturing Extension Center would offer advanced manufacturing courses. RevUp was unsuccessful in attempts to expand industrial maintenance training.

In some cases, if a local college already operated similar programs and had the staff capacity to meet the employer’s needs, training could be passed off to the local college. If, on the other hand, the college was unprepared to meet the need in a timely manner, the centralized coordinators could connect the employer to other trainers.



IV. Adjustments/Challenges/Road Blocks

OCHÉ expressed reservations about supporting the post-employment efforts. Commissioner Bucy adopted the post-employment initiative under the expansion of work-based learning opportunities that DLI was pursuing in Spring 2016. Despite this, DLI eventually focused the lion’s share of their attention on the expansion of apprenticeship programming.

When DLI adopted the post-employment initiative, RevUp focused its contribution to this effort on creating a comprehensive web platform that would combine the Governor’s National Governor’s Association work-based learning initiative, DLI’s expansion of apprenticeship and RevUp’s post-employment initiatives in one web-site/platform aimed at engaging new job-seekers and employers. While RevUp funds were used to help create a platform to market short-term training opportunities in welding, it seems likely that the platform will not be published during the RevUp project.

Welding: The IRC to which faculty wanted to align was switched midstream as CWB credentials were seen to have significant advantages as the group fleshed out their credentialing framework at the same time that NCCER was limiting the utility of their credentialing framework. A GFC MSU instructor became the first CWB-certified instructor in the US outside of Texas and become personally instrumental to this initiative, at the same time personality conflicts began to arise between the instructor and senior-level staff at GFC MSU. In an attempt to save the initiative, RevUp hired the instructor under the grant full-time but this limited the likelihood of sustainability of the initiative unless an alternate institutional lead could be identified to carry the instructor/initiative forward. The demand for **safety training** declined dramatically when oil field development declined at the start of the RevUp project.

V. Outcomes

Bitterroot College established a mobile CDL program that could be used to offer other colleges/businesses an opportunity to host CDL training without purchasing their own trucks. This training was utilized by Great Falls College and Highlands College to offer CDL opportunities to local students. Great Falls College established a Canadian Welding Bureau (CWB)-based training and assessment framework piloted by six Montana businesses. As a result OPI created a partnership with CWB to begin offering modules in the K-12 environment. Bitterroot College also adopted the CWB framework as a means of expanding its Continuing Education opportunities. Grant funds were also used to expand safety training at City College and market the short-term credentials offered by MMEC.

VI. Implications/ Sustainability

At this point there is little cohesion amongst institutions (colleges, IWT, IRC providers, employers, etc.) that offer consistent credential-based training for incumbent workers. The result is that Montana businesses are generally not aware of the opportunities that exist to partner with the public sector. Generally, business will continue to look to conduct training internally – unfortunately research has shown this kind of training rarely increases worker productivity) or will continue the costly practice of sending employees out-of-state for training. With WIOAs emphasis on short-term training, clear demand from employers, and opportunities to use IRC modules to frame short-term training – significant opportunities exist to build the productivity of Montana’s workforce through short-term training.

