



Paul Moe, executive director, Minnesota Job Skills Partnership

Minnesota Job Skills Partnership is key to future work force

A Civic Caucus Focus on Human Capital Interview

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Summary

The exponential speed at which technology is changing makes incumbent worker training programs critical to meeting the skills needs of Minnesota employers, according to Paul Moe, director of the Minnesota Jobs Skills Partnership (MJSP).

With Minnesota at nearly full employment, areas throughout the state need more skilled, semiskilled and super-skilled workers, he says.

Moe says the state's manufacturers recognize they will be facing the double whammy of increasing retirements and the chronic shortage of skilled workers to replace those retirees. He predicts that in certain pockets of the state, signing bonuses for new hires in fields like precision manufacturing will run as high as \$10,000 to \$30,000.

Moe asserts that MJSP is the premier incumbent worker-training program in the nation. The program awards grants to educational institutions partnering with businesses to design curriculum and provide specific skills training for incumbent workers. Created in 1983, MJSP has facilitated training for over 100,000 Minnesota workers, he notes.

In addition to focusing on the skill development of incumbent workers, he says, MJSP also aims to increase the capacity of educational institutions. Technical colleges in the Minnesota State Colleges and Universities (MnSCU) system receive the largest share of MJSP training grants. Through its grants, Moe maintains, the program has been instrumental in expanding new course offerings at colleges and universities throughout Minnesota, helping them stay current in training for the skills employers need.

Background

The Civic Caucus has released two recent statements on human capital: [one in September 2014](#) laying out the human-capital challenges facing the state today and in coming years and [a follow-up](#)

paper in January 2015 offering recommendations for maintaining a high-quality workforce in Minnesota. The Civic Caucus interviewed Paul Moe to learn about the role of the Minnesota Jobs Skills Partnership in training and retraining workers to meet the skills needs of Minnesota employers.

Information about the Minnesota Job Skills Partnership (MJSP). The Minnesota Job Skills Partnership, created in 1983, is a program of the Minnesota Department of Employment & Economic Development (DEED). It is charged with acting as a catalyst to bring together businesses and educational institutions to ensure the skills of the workforce match the demands of Minnesota employers.

MJSP awards training grants of up to \$400,000 to educational institutions to develop new-job training or retraining for existing employees. Employers and higher education institutions apply together for grants. Each institution is responsible for identifying an employer partner and taking the lead in developing training requirements to ensure the programs are employer-focused. Cash and/or in-kind contributions from the participating businesses must match Partnership funds on at least a one-to-one ratio. Funds may be used for training-related costs or educational infrastructure improvements to support businesses located or intending to locate in Minnesota. Wage subsidies and tuition reimbursements are not eligible for grants. Projects average 12 months to three years in duration.

Using the grant program, employers can increase productivity and retention rates and educational institutions can develop new capacities for training that reflect market demand. Trainees frequently gain industry-recognized credentials and new job opportunities.

In addition, under a new Job Training Incentive pilot program, MJSP awards grants of up to \$50,000 to new or expanding businesses to provide custom training for new jobs.

Discussion

The number-one problem facing Minnesota's ability to ensure a high-quality workforce in the coming years is a decline in the total number of workers. Paul Moe, director of the Minnesota Jobs Skills Partnership (MJSP), noted that the current unemployment rate in Minnesota is 3.9 percent, which is very close to full employment, while the U.S. rate is 5.3 percent.

But with nearly full employment, the entire state needs more skilled, semiskilled and super-skilled workers. Moe pointed to a manufacturer in Elk River, Minn., that makes, among other things, gyro systems for missiles. The company recently received a training grant from MJSP. The owner just purchased two precision machining units that will replace about 20 people working at the company, but he told Moe he needs four really talented, skilled workers to run and repair the machines. Mentioning other examples of fast-moving technology, Moe commented that there is a great deal of complexity taking place in the workplace.

That points to the importance of incumbent worker training programs and incentives.

Minnesota does very well for unemployed workers and dislocated workers, Moe said. But it's also important, he asserted, if an incumbent worker is about to lose a job because of lack of skill. He lauded the federal government's decision to spend money on incumbent worker training, saying we need to consider alternative ways of supporting workers.

The exponential speed at which technology is moving makes it difficult for educational institutions to keep up. "The smarter we get, the faster it keeps moving," Moe said. He gave an example of a business in St. Cloud that received a training grant from MJSP. The company has invested in a 3D printer, which allows workers to create plastic models of the component parts they've had to purchase from third parties. Now they can reverse-engineer their own parts from the plastic models, so they no longer have to buy the parts from outside businesses.

Manufacturers recognize they will be facing the double whammy of increasing retirements and the chronic shortage of skilled workers to replace those retirees. Moe said he recently saw companies giving \$5,000 and \$10,000 signing bonuses for new hires. "My prediction," he said, "is that in precision manufacturing in certain pockets of the state, these signing bonuses are going to skyrocket to \$10,000, \$20,000 or \$30,000."

He maintains that one benefit to the shortage of workers is that it might help solve some of the employment problems of people of color, people with disabilities and ex-offenders.

While it's admirable that the Federal government is now recognizing the importance of incumbent worker training, MJSP has been doing that work for 33 years. Moe asserted that MJSP is the premier incumbent worker-training program in the nation. Grants from the Partnership are used for incumbent worker training, with businesses partnering with educational institutions to help design curriculum for needed skills training. (See "**Information about the Minnesota Jobs Skills Partnership**" section above, just before the **Discussion** section begins.)

MJSP provides needed skills training unmet in the marketplace. "If you can find the training at St. Thomas or any other universities, we want you to go there and buy it," Moe said. "Don't come to us." But if it's something that's not available, he said, then employers should come to MJSP.

MJSP has trained over 100,000 Minnesota workers during its 33 years in existence. Moe said the Partnership has worked with every branch of the University of Minnesota, every institution of the Minnesota State Colleges and Universities (MnSCU) system, and many private postsecondary institutions, such as St. Thomas University, the College of St. Scholastica and Dunwoody College of Technology.

MJSP was patterned after the Bay State Skills Corporation in Massachusetts. The Partnership operates under a 12-member board, which includes the president of the University of Minnesota, the chancellor of MnSCU, a member appointed by the Senate Majority Leader, one by the Speaker of the House and eight people appointed by the governor for three-year terms. The board meets five times a year.

In addition to focusing on the skill development of incumbent workers, MJSP also aims to increase the capacity of educational institutions. Roughly 80 percent of the total number of Partnership grants are awarded to MnSCU institutions, Moe noted, mostly to the system's technical colleges. Private universities, including for-profit schools, that are accredited by the U.S. Department of Education through the North Central Association of Colleges and Schools can do business with MJSP.

Through its grants, Moe said, MJSP has been instrumental in expanding new course offerings at a variety of colleges and universities throughout Minnesota, such as an accelerated B.S. in nursing program at several locations. "It's expanding curriculum capacity, it's a blessing for our higher education institutions, it's needed business training and it's skill development for incumbent workers," he said.

This year, the state appropriated \$4.2 million to MJSP, which has received as much as \$20 million in some past years. Moe noted that the MJSP grant program requires a business match. For every dollar the state puts into a grant, he said businesses have provided an average match over the years of \$2.25, mostly through in-kind contributions. The state has invested \$150 million in grants, businesses have contributed well over \$350 million and educational institutions have contributed over \$50 million.

In addition to the state appropriation, any excess money in the state's Workforce Development Fund not needed for DEED's Dislocated Worker Program can be used by MJSP for incumbent worker training. The Workforce Development Fund is financed by an assessment on employers of 0.10 percent on all taxable wages of their employees, which generates over \$50 million per year

MnSCU's technical colleges receive the lion's share of MJSP training grants. But Moe said MJSP gets very few training grant applications from the state's major universities. He remembers only two over the past 10 years: one from the U of M's College of Pharmacy and one from its School of Journalism. "You would think the major universities would be really focused on new ideas and new technology in manufacturing and other areas," he said, "but that doesn't appear to be the case." He believes those universities should play a bigger role in critical skill development.

Demographics might force Minnesota companies to look at employing ex-offenders. Moe said the shortage of skilled workers in various parts of the state might open up job opportunities for people coming out of prison.

MJSP also awards low-income worker grants aimed at workers earning less than 200 percent of federal poverty guidelines. Moe described these grants as a voucher program, in which the Partnership awards up to \$200,000 to training organizations, many of them nonprofits that work with low-income people of color.

Minnesota is ahead of the nation in employment and unemployment and in wages and salaries. "We're doing very, very well," Moe said. "We have pulled out of the recession."

Income disparity in the U.S. is like it was in the 1920s. "This is extremely dangerous," Moe said. "The upper class is making high wages; the lower class is making low-income wages; and the middle class is being squeezed out. It's a little scary."

We want high-wage, high-skill jobs in Minnesota. "That's where the concentration has to be," Moe said.