

Minnesota Emergency Employment Development (MEED) Program

FINAL REPORT

July 1, 1983 - December 31, 1985

MESSAGE TO THE MINNESOTA STATE LEGISLATURE

As commissioner of the Minnesota Department of Jobs and Training, I am pleased to present this 30-month final report on job creation activities authorized under the Minnesota Emergency Employment Development (MEED) Act for the period July 1, 1983, through Dec. 31, 1985.

Among its accomplishments, MEED has shown private sector acceptance of a business/government partnership to create permanent jobs. In the 30 months, 30,500 people enrolled in MEED, with more than 60 percent filling private-sector jobs. Over 14,000 private sector jobs were created.

From July 1, 1985, through Sept. 30, 1985, all new job placements were in the private sector. Approximately 80 percent of placed participants retained their positions 60 days after the 6 month subsidy ended.

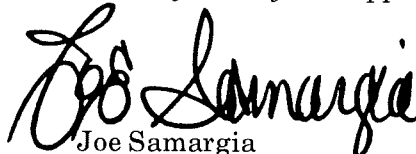
The program also has worked as an economic development tool. MEED has provided businesses with immediate expansion capital and the necessary resources for creating new jobs.

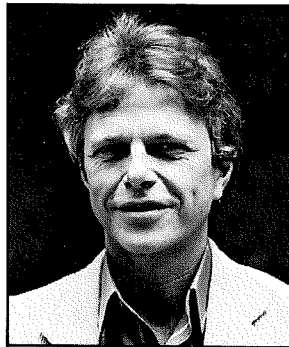
MEED has succeeded in reaching unemployed individuals who are ineligible for unemployment insurance or workers' compensation benefits.

As a result, projections indicate that the entire public investment in the program will be repaid by December 1988. Employing these workers through MEED has increased tax revenues and decreased general assistance expenditures.

With your support MEED can continue to be a cost effective means of promoting economic growth and creating new jobs for Minnesotans.

Thank you for your support.


Joe Samargia
Commissioner



INTRODUCTION

Minnesota Emergency Employment Development (MEED) Act, enacted by the state Legislature in 1983, completed its two-year period of authorization on July 30, 1985. The 1985 Legislature extended the program for an additional six months with a sunset date of December 31, 1985. The law provided incentives to employers to hire and retain unemployed Minnesotans who were ineligible for unemployment or workers' compensation benefits.

For each MEED worker, the state subsidized up to \$4 an hour in wages and up to \$1 an hour in fringe benefits. Employers who retained the workers for one year or more beyond the six-month subsidized period were not required to repay the subsidy. For any lesser period a portion of the subsidy was repaid.

The program succeeded in bringing together the private and public sectors. MEED stipulated that priority be given to private-sector placements "to the extent eligible businesses apply," and that 40 percent be private-sector placements.

However, by the second year of operation, private sector participation was dominating the program and the Legislature raised the placement goal for private jobs from 40 percent to 60 percent. This assured a minimum of 60 percent of placements would be in long-term, permanent jobs. The MEED program actually reached a 70 percent private-sector placement rate in the second year.

In two and a half years, MEED's goal was to average 46 percent placement in private-sector jobs. The actual average placement was 60 percent.

To continue the successful MEED program, and to take the place of the original legislation, the 1985 Legislature created a permanent Minnesota Employment and Economic Development (MEED) Wage Subsidy Program. The new law furthers the cooperation that had been established among the various segments of the public and private sectors.

The present MEED program targets two new priority groups: farmers or members of farm households that demonstrate severe financial need; persons eligible for or receiving Aid to Families with Dependent Children (AFDC) benefits. Those people receiving general assistance and households with no source of income remain as priorities under the program.

This report demonstrates that MEED met its goal of being simple and effective with low administrative costs. State and Local administrative costs amounted to less than five percent (4,795,553 or 4.4%). The cost for administering the State MEED Office was less than one percent (\$577,158 or .5%).

This report outlines the achievements accomplished over the 30 month period from July 1, 1983, through Dec. 31, 1985, and provides evidence that a public/private partnership can work in job creation and retention efforts.

The Partnership

EMPLOYER EVALUATION OF MEED

MEED's success can be attributed directly to the enthusiasm exhibited by the private sector toward the program. Evidence of this success was reported in a article in *The Entrepreneurial Economy* (February 1985):

Whereas most jobs programs must continually struggle to find employers' willing to participate in their program, MEED has Minnesota's small business sector literally gearing up for the opportunity to hire its targeted workers. Although part of this enthusiasm can doubtlessly be attributed to Minnesota's history of excellent public/private relations, the size of the subsidy and the often-noted lack of bureaucratic strings easily account for the rest. For the small but growing firm, an up to \$4 an hour wage subsidy can easily make the difference between business contraction and expansion.

Based on reported results, MEED has had a positive impact on the Minnesota small business community. Studies by the Massachusetts Institute of Technology, the Brookings Institute and the Small Business Administration have shown that the vast majority of new jobs are created by small businesses with fewer than 100 employees. A survey conducted by the Jobs Now Coalition, a nonprofit employment advocacy group, indicated that 95 percent of responding businesses that hired MEED workers had fewer than 100 employees and approximately 83 percent had fewer than 20 employees.

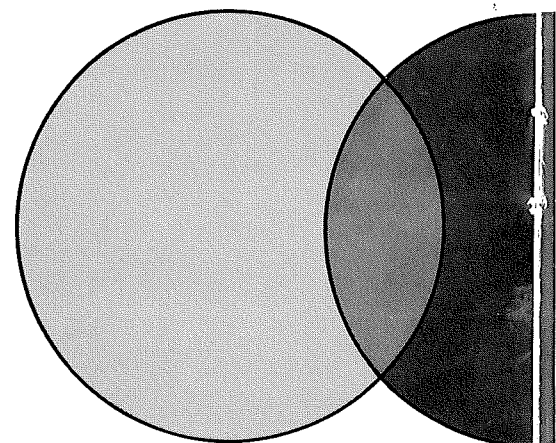
MEED has worked with small businesses in all segments of Minnesota's economy, including agriculture (3 percent of total participation); manufacturing (19 percent); construction (8 percent); wholesale trade (6 percent); retail trade (25 percent); services (30 percent); finance, insurance, real estate (7 percent); and transportation, communication, utilities (2 percent).

Family-owned businesses, such as grocery stores, hardware outlets, manufacturing firms, legal partnerships and motels, all have joined in the job creation effort. These businesses have given participants jobs as clerks and administrative assistants (28 percent of total placement), assemblers (20 percent), precision craft workers (11 percent) and sales people (5 percent).

The program has promoted state economic growth; approximately one-half of the participating employers sold goods and services outside Minnesota, thus increasing the gross state product. MEED has assisted high-technology industries of the future (3 percent of total participating employers) and export-oriented business, professional and related service industries (24 percent).

Sixty-three percent of the employers would not have expanded their work forces without MEED, citing a cash shortage as the principal reason. Likewise, 79 percent said MEED enabled them to expand their production or scale of operation and almost half said they were able to diversify because of the program.

A public program's complexity can deter businesses from wanting to participate. MEED was designed to be simple and easy for employers to use. Participating employers cited lack of "red tape" as an incentive to use the program.



M EED - THE PARTICIPANTS

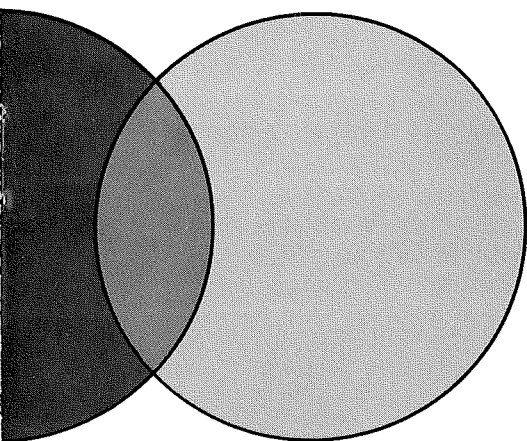
The MEED program has helped a large number of unemployed Minnesotans to secure permanent jobs in the private sector. While the specific participant characteristics, data and analysis are exhibited in the latter portion of this report, certain conclusions can be cited here which clearly indicate that MEED has succeeded in creating jobs for those unemployed Minnesotans who require assistance in becoming economically self-sufficient.

MEED has reached many of those most in need. Through December 1985, the program served more than 30,500 individuals. More than 11,500 participants were eligible for public assistance while another 7,800 were members of families without incomes. The program served almost 13,000 women.

While minorities represent only four percent of the general population, 14 percent of those who found jobs through MEED were members of minority groups. A March 1985 report issued by the Jobs Now Coalition, a nonprofit employment advocacy group, indicated that MEED effectively served participants with dependent children. According to their report, approximately one-third of participants had dependent children and this compared favorably with 1980 Census data showing that one-fifth of all Minnesota's poor families have dependent children.

A total of 77 percent of Coalition-surveyed participating employers provided job training to MEED participants. Most of the training was for skilled occupations, such as clerical and administrative support, machine operation, electronic assembly and transportation.

Many of the permanent MEED jobs have resulted in employee wages that exceeded the \$4 an hour subsidy. The average hourly wage was \$5.15. Sixty days after the end of a subsidy period, more than 83 percent of MEED workers remained on the job.



MEED WORKS: Home, Health and Hospital Services and Supplies

Did the Minnesota Emergency Employment Development (MEED) Act do what it set out to do?

Ask Rod or Cathy Baudeck, who own and operate Home, Health and Hospital Services and Supplies in Hibbing. Their firm has been providing in-home nursing care and services to disabled and elderly Iron Range residents for eight years.

With federal cutbacks in social services, Medicare and Medicaid, the Baudecks saw the need to add to their privately offered services. They went to the Arrowhead Economic Opportunity Agency for help in expanding their business. There they learned about MEED.

MEED helped them hire a maintenance worker, an executive secretary, a computer programmer and a registered nurse. Their present staff consists of 25 professional and paraprofessional health-care service providers.

"I was very impressed with the high quality of referrals provided by MEED through the Arrowhead Economic Opportunity Agency,"

Cathy Baudeck said. "MEED is a multifaceted program referring competent individuals for a wide variety of jobs."

"The state MEED Program has been very beneficial to our business, enabling us to double our expansion rate," Rod Baudeck added.

Juanita Soby, who graduated from Hibbing Community College in 1985 with a certificate in registered nursing, was one of those hired. She is now working as a nurse, earning \$6.50 an hour.

"Without the MEED Program I would be back on AFDC because I am a single parent supporting two children," Soby said.

For the Baudecks the MEED program has worked extremely well and the future looks bright.

"With a MEED wage subsidy, a new and expanding business can stay cost effective until they are established and turning a profit," Cathy Baudeck said.

MEED WORKS: SciMed Life Systems

SciMed Life Systems is a Plymouth manufacturer of robotic equipment, measuring devices and other implements used by the medical profession. SciMed employs approximately 150 workers and is an integral part of the medical services expansion presently taking place in Minnesota. The company employs two MEED workers at the present time.

Last year, Pam Gilmer, personnel manager at SciMed Life Systems, had prepared a description for a job that periodically required lifting material weighing 100 pounds. For help in filling the position, she called a job developer at H.I.R.E.D., a job training agency contracted by the Minneapolis Employment and Training Program to operate MEED.

Gilmer described the position. The job developer said the person called for would need to be a weight lifter. Fortunately, the job developer had an outgoing, enthusiastic candidate who could handle the job — Wilson Ingram.

Ingram had been unemployed for seven months. He previously had held a series of low-paying jobs, which promised no opportunity for advancement.

Wilson was hired on the spot. His starting wage was \$5.50 an hour. On May 6, 1985 Wilson began his new job as an electronic assembler. He chose to work the night shift because it paid 30 cents an hour more than the day shift.

Within 90 days, Wilson had been promoted to a supervisory position, with a one-stop raise to \$8.10 an hour.

Currently, Wilson is earning \$8.36 an hour and has moved to the day shift. His is just one success story—an example of a qualified worker who has found permanent employment through the MEED program at a salary that exceeded by a considerable amount any he previously had been able to earn.

Minnesota Emergency Employment Development (MEED) Act Allocation of \$108 Million as of December 31, 1985.

Service Delivery Area	Base Allocation July 1, 1983 June 30, 1985	Base Allocation July 1, 1985 Dec. 31, 1985	*Other July 1, 1983 Dec. 31, 1985	Total Allocation	Total Spent Through Dec. 31, 1985
Region 1 (Northwest)	2,261,652	153,107	484,222	2,898,981	2,481,622
Region 2 (Northeast)	10,786,186	592,018	2,891,942	14,270,146	12,642,130
Duluth	2,201,929	167,505	1,082,504	3,451,938	2,892,253
Regions 2, 4, 5 (North Central)	9,239,970	681,278	3,069,531	12,990,779	11,979,093
Regions 6E, 7E, 7W (Central)	9,812,452	640,495	542,801	10,995,748	9,059,438
Region 9 (South Central)	4,280,011	268,233	500,589	5,048,833	4,929,076
Region 10 (Southeast)	7,599,615	485,445	504,642	8,589,702	7,921,787
Regions 6W, 8 (Southwest)	3,372,280	237,275	224,537	3,834,092	3,226,969
Minneapolis	6,572,110	726,896	1,443,670	8,742,676	8,046,792
Hennepin County	9,162,725	444,164	1,467,962	11,074,851	10,497,603
Carver County	678,367	28,863	104,354	811,584	780,134
Scott County	935,167	48,518	72,631	1,056,316	878,644
St. Paul	4,968,562	446,602	1,274,996	6,690,160	5,093,136
Ramsey County	3,005,587	146,340	164,047	3,315,974	2,988,488
Anoka County	3,790,725	211,226	702,267	4,704,218	4,229,254
Dakota County	3,446,484	190,689	180,339	3,817,512	3,618,816
Washington County	1,874,097	103,346	447,828	2,425,271	2,155,964
Subtotal	83,987,919	5,572,000	15,254,081	104,814,000	93,421,199
Central Administration				840,000	577,158
Transfer to Article 8				200,000	200,000
Discretionary				2,368,000	2,368,000
Total				108,222,000	96,566,357**

Total allocated includes \$222,000 in reallocated payback dollars.
Balance of payback dollars to be reallocated is \$527,733.

*Other allocations include additional dollars for areas with high unemployment rate, high general assistance populations, Indian Reservations and job retention incentives.

**The total dollar figure does not represent dollars obligated in employer contracts that were carried over on Dec. 31, 1985.

\$8 million of the \$27 million was allocated for the period July 1, 1985 to December 31, 1985.

APPPLICANT/PARTICIPANT SUMMARY REPORT

During the 30-month period ending Dec. 31, 1985, a total of 125,055 applicants were declared to be MEED eligible. Of the eligible applicants, 45 percent were eligible for general assistance, 5 percent were eligible for Aid to Families with Dependent Children (AFDC), and 20 percent were households without incomes. Of the eligible applicants, 64 percent were men and 36 percent women.

Actually enrolled in the program were 30,547 individuals, or 24 percent of the eligible applicants. Approximately, 21 percent of general assistance eligibles and 31 percent of eligible members of "households without other income" became participants. Approximately 29 percent of eligible females also were enrolled.

Of the total number enrolled, 38 percent were general assistance eligible, 2 percent AFDC eligible and 26 percent were households with no source of income.

Fourteen percent of those who found jobs through MEED were members of minority groups. Females enrolled comprised 42 percent. Fourteen percent of the individuals enrolled were veterans.

Of the 30,547 participants, 60% were enrolled in the private sector; 40% were enrolled in the public sector. A total of 14,948 (49 percent) have found permanent, unsubsidized jobs earning an average wage of \$5.07 an hour. Other participants who left the program found other jobs, returned to full-time school, entered other training programs or were unable to continue. Another 2,616 were transferred into the new MEED program.

Of the 8,044 individuals who were in a private sector subsidized job and who received follow-up 60 days after completion of the subsidy, 83% were still employed. These workers earned an average hourly wage of \$5.15.

Applicant/Participant Report
through Dec. 31, 1985
Total MEED Program

Applicant Information

Total Eligible Applicants	125,055	Household without Income	25,243
Work Readiness	2,098	Other Eligible	35,386
GA Eligible	55,847	Female	45,083
AFDC Eligible	6,134		
Farm Household/Financial Need	347		

Participant Information

Total Enrolled to Date	30,547	22-44 years old	19,958
Work Readiness	205	45 years and older	3,090
GA Eligible	11,537	Black	1,550
AFDC Eligible	449	Hispanic	361
Farm Household/Financial Need	70	American Indian	1,686
Household without Income	7,838	Asian/Pacific Islanders	577
Other Eligible	10,448	Veterans	4,119
Female	12,919	Required Day Care Aid	757
21 years old or younger	7,499		

Reason for Termination

Total Leaving Program	27,931	Entered Other Training Program	269
Employed Unsubsidized	\$5.07* 14,948	Other	12,181
Full Time Education	533		

Participants Carried Over to New MEED

Number Currently Enrolled	2,616	Number in Private Sector	1,986
Number in Public Jobs	369	Number in Other Status	261

60-Day Follow-Up Status for Employed Unsubsidized Participants

Number Receiving Follow-up	13,110	Number of Other Unsubsidized Employment	5,066
Number Private Sector/State Subsidy	8,044	Employed	\$5.44* 3,898
Employed (MEED Employer)	\$5.09* 6,036	In School	37
In School	42	Unemployed	613
Unemployed	682	Other	518
Other	640		
Employed (New Employer)	\$5.20* 644		

*average hourly wage

CURRENT MEED (WAGE SUBSIDY) SERVICE PROVIDERS

SERVICE DELIVERY AREA

Northwest Minnesota

Kittson, Marshall, Pennington, Roseau, Norman, Polk, Red Lake

Rural Minnesota Concentrated Employment Program (CEP) Inc.

Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Grant, Hubbard, Lake of the Woods, Mahnomen, Morrison, Pope, Stevens, Traverse, Wilkin, Douglas, Otter Tail, Todd, Wadena

Northeast Minnesota

Aitkin, Carlton, Cook, Koochiching, Lake, Itasca, St. Louis (except City of Duluth)

City of Duluth

Private Industry Council (PIC) 5

Chisago, Isanti, Kanabec, Meeker, Mille Lacs, Pine, Renville, Sherburne, Wright

Benton, Stearns, Kandiyohi, McLeod

Southwest Minnesota

Big Stone, Chippewa, Lac Qui Parle, Swift, Yellow Medicine, Murray, Lincoln, Lyon, Pipestone, Redwood, Cottonwood, Jackson, Nobles, Rock

South Central Minnesota

Faribault, Martin, Watonwan, Le Sueur, Nicollet, Waseca

Blue Earth County

Brown, Sibley

Southeastern Minnesota

Dodge, Fillmore, Freeborn, Houston, Mower, Olmsted, Goodhue, Rice, Steele, Wabasha

Winona County

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