

**Customized Industry Training (CIT) Program
Expenditure Report
2005-2006**



**Submitted to the
Joint Legislative Education Oversight Committee**

September 1, 2006



**North Carolina Community College System
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EXECUTIVE SUMMARY

Ratified SB 622 Section 8.4(b) G.S. 115D-5.1(e) reads:

(e) There is created within the North Carolina Community College System the Customized Industry Training (CIT) Program. The CIT Program shall offer programs and training services as new options for assisting existing business and industry to remain productive, profitable, and within the State. Before a business or industry qualifies to receive assistance under the CIT Program, the President of the North Carolina Community College System shall determine that:

- (1) The business is making an appreciable capital investment;*
- (2) The business is deploying new technology; and*
- (3) The skills of the workers will be enhanced by the assistance.*

The State Board shall report on an annual basis to the Joint Legislative Education Oversight Committee on:

- (1) The total amount of funds received by a company under the CIT Program;*
- (2) The amount of funds per trainee received by that company;*
- (3) The amount of funds received per trainee by the community college delivering the training;*
- (4) The number of trainees trained by the company and community college; and*
- (5) The number of years that company has been funded.*

This report is submitted as the September 1, 2006 annual expenditure report for the Customized Industry Training (CIT) Program.

BACKGROUND OF THE CIT PROGRAM

Business and Industry in North Carolina has recognized the value of the New and Expanding Industry Training (NEIT) and the Focused Industrial Training (FIT) Programs as they have grown and developed workforces with national and international acclaim. North Carolina is now required to be just as competitive to sustain the existing businesses within specific industrial sectors, as it is to recruit new companies to the State. The increased flexibility to surgically apply training programs that result in new investments that yield a sustainable and dependable economic foundation is of great importance as we maintain our overall economic stability. The capacity to provide programmatic flexibility to fulfill these needs will yield job sustainability and the addition of jobs back to the economy at a rate that is faster than can currently be accommodated.

PROGRAM PURPOSE

The CIT Program provides greater flexibility for the North Carolina Community College System (NCCCS) to meet the retraining needs for existing business organizations in North Carolina's communities. It provides more intimate contact with the existing industry base in both the rural and metropolitan areas of the state and will stimulate the economic vitality. The intent of the program is to augment the services of the NEIT and FIT programs where their current guidelines do not apply. The program benefits will provide greater responses to fulfill the needs of North Carolina's changing economy as industry sectors experience expansions and contractions within the global economic environment.

When significant investments in capital and real estate are made for application of new technology or procedural modifications, the funds would be applied to re-train the workforce without having to create net new jobs. The application would be to retain the existing jobs and/or to increase the wage rate for the population of workers that would remain with the organization as a result of greater skills and procedural capacities. Ultimately, the jobs saved or recovered by bridging the gaps will contribute to greater employment and productivity in the economy.

METHOD OF ALLOCATION

The allocations will be made on a case-by-case basis at the discretion of the NCCCS President with the recommendation of the Vice President of Economic and Workforce Development. Requests for funding of specific projects will be according to the specified application procedure, in accordance with the intent and purpose of the legislation and budgetary support.

PROGRAM GUIDELINES

- ◆ The CIT Program will be used to augment industry training when the New and Expanding Industry Training and/or Focused Industry Training (FIT) Programs do not apply. CIT will assist existing North Carolina businesses and industries to improve their productivity and profitability to assure their continued presence in North Carolina through training provided by community college staff or community college contractors.
- ◆ CIT resources will be applied at the discretion of the North Carolina Community College System President upon the recommendation of the Vice President for Economic and Workforce Development Division of projects on behalf of private for-profit business/industry where the company:
 - has made an appreciable capital investment which involves the use of new technology;
 - requires the enhancement of workforce skills to utilize the new technology;
 - may or may not create net new jobs, but with the assistance will be more productive or more profitable, and as a result, will more likely remain a viable North Carolina corporate citizen.
- ◆ Funding must support permanent full-time positions with health-care and other appropriate benefits.
- ◆ The wages of the newly trained workers will be increased.
- ◆ Specific projects will be no longer than eighteen months maximum.
- ◆ CIT funds will be used by community colleges for specific business or industry training required for immediate competitive advantage; this will not support traditional FTE generation; and certain limited funds may be used for industry-provided training.
- ◆ Authorized expenditures may include, with appropriate explanation and written plans:
 - instructional and training services;
 - instructional development;

- instructional materials for students and trainers;
- other appropriate training or related expenditures approved by the President.

APPROVAL PROCEDURES

The CIT Request for Funding will be made from the local community college to the Regional Customized Training Director. Each project proposal must be signed by the Community College Project Officer, Community College President, Company Executive/Designee, and Regional Customized Training Director.

The Regional Customized Training Director will submit proposals to the Vice President of Economic and Workforce Development for review, approval, and recommendation to the President of the North Carolina Community College System for final approval.

Each proposal will be reviewed thoroughly to determine the degree to which it fulfills the intent of the authorizing legislation and either creates, sustains economic activity or retains employment for North Carolina business organization.

Upon final approval, an official "Letter of Approval" will be sent to the College President, from the NCCCS President.

DATA CATEGORY DEFINITIONS

	Column	Definition
1	Community College	College to which funds have been allocated for the support of a CIT project.
2	Company	Company supported by CIT project funding.
3	Years Funded	Total number of years the CIT project has been funded.
4	Company Training Reimbursement Expenditures	Funds provided directly to a company for instructional and other training-related expenditures allowable under the CIT program.
5	Number Trained by Company Instructors	Number of trainees trained by instructors who are company employees/contractors.
6	Average Company Reimbursement Per Trainee	CIT training-related company expenditures divided by the number of trainees trained by company instructors.
7	College Training Expenditures	Funds expended by a community college to support the training of employees and potential employees of a particular company under the CIT program, including the five percent administrative allowance.
8	Number Trained by College Instructors	Number of trainees at a particular company trained by either full or part-time college employees or contracted community college instructors under a CIT funded project.
9	Average College Cost Per Trainee	Total CIT funds expended by a community college for support of a CIT project, outside of funds provided directly to a company, divided by the total number of trainees trained by community college instructors.
10	Total Expenditures	Total amount of CIT funds expended to support a specific CIT training project.
11	Total Trained by Company and College Instructors	Total number of trainees trained under a CIT funded project, including those trained by both company and community college instructors.
12	Average Total Cost Per Trainee	Total CIT expenditures for a particular CIT training project divided by the total number of trainees.

**North Carolina Community College System
 Customized Industry Training Program Expenditure Report
 Reporting Period July 1, 2005 - June 30, 2006**

(1) Community College	(2) Company	(3) Years Funded	(4) Company Training Reimbursement Expenditures	(5) Number Trained by Company Instructors	(6) Average Company Reimbursement Per Trainee	(7) College Training Expenditures	(8) Number Trained by College Instructors	(9) Average College Cost Per Trainee	(10) Total Expenditures	(11) Total Trained by Company & College Instructors	(12) Average Total Cost Per Trainee
Brunswick CC	DAK Americas	1.5	0.00	0	0.00	991.78	9	110.20	991.78	9	110.20
Isothermal CC	Diversified Corporate Technologies (2)	1.5	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
	Simeus Foods	1.5	0.00	0	0.00	7,713.00	36	214.25	7,713.00	36	214.25
Lenoir CC	DuPont Sorona (1)	1.0	0.00	26	0.00	0.00	0	0.00	0.00	26	0.00
McDowell TCC	Columbia Carolina Leadership Series	1.5	0.00	0	0.00	26,161.61	165	158.56	26,161.61	165	158.56
Pitt CC	Fuji Silysia Chemical, Ltd New CSG Line (2)	0.9	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
Richmond CC	Owens-Illinois Gatorade 43mm Plastop Training	1.5	0.00	0	0.00	17,400.00	17	1,023.53	17,400.00	17	1,023.53

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Robeson CC	Elkay Southern Corporation (2)	1.5	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
Sandhills CC	Unilever Home and Personal Care (2)	1.5	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
Wayne CC	Uchiyama America, Inc. (2)	1.5	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00
Western Piedmont CC	Continental Teves Morganton	1.5	0.00	0	0.00	10,100.40	25	404.02	10,100.40	25	404.02
Wilson TCC	Bridgestone/Firestone Training Needs	1.5	38,760.00	19	\$2,040.00	0.00	0	0.00	38,760.00	19	2,040.00
TOTALS			\$38,760.00	45	\$861.33	\$62,366.79	252	\$247.49	\$101,126.79	297	\$340.49

ADDENDUM

CIT Projects Budget and Expenditures 2005-2006 FY

All funds have been obligated for each project and will be expended by the end of the project period.

Community College	Approved CIT Project	Date Approved	Approved Budget	Expenditures (as of June 30, 2006)
Brunswick	DAK Americas	04/26/06	\$ 27,400.00	\$ 991.78
Isothermal	Diversified Corporate Technologies	04/05/06	43,964.00	0
Isothermal	Simeus Foods	03/09/06	118,545.00	7,713.00
Lenoir	DuPont Sorona	05/31/06	24,900.00	0
McDowell	Columbia Carolina Leadership Series	02/14/06	86,110.00	26,161.61
Pitt	Fuji Silysia Chemical, Ltd. New CSG Line	05/31/06	36,194.00	0
Richmond	Owens-Illinois Gatorade 43mm Plastop Training	05/31/06	39,606.00	17,400.00
Robeson	Elkay Southern Corporation	06/29/06	142,395.00	0
Sandhills	Unilever Home and Personal Care	04/06/06	250,000.00	0
Wayne	Uchiyama American, Inc.	06/08/06	43,535.00	0
Western Piedmont	Continental Teves Morganton	03/09/06	96,570.00	10,100.40
Wilson	Bridgestone/Firestone Training Needs	02/14/06	278,460.00	38,760.00
TOTALS	12 (approved projects)		\$1,187,679.00	\$101,126.79

This report is footnoted to explain project expenditures that exceeded an average cost per trainee of \$2,500, or when there were no trainees or expenditures reported for the reporting period. Projects reporting no trainees for this report period are ongoing projects that have or will provide training over the project time frame.

NOTE: For those projects where college expenditures were incurred and all instruction was carried out by company employees, the college expenditures in almost all cases occurred in one of four categories 1) instructional supplies and material costs, 2) travel costs, 3) provision of dedicated training facilities, and or 4) administrative allowance. As specified in the Customized Industry Training Guideline, "Colleges may receive 5 percent of the project costs as an administrative allowance, not to exceed \$60,000 per project in any fiscal year.

**1. Lenoir Community College
DuPont Sorona**

A total of 26 were trained during this reporting period. Company training expenditures will be paid in FY 2006-2007.

2. Projects reporting no expenditures and no training activities for the reporting period

Unless otherwise noted, training is scheduled to begin FY 2006-2007.

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