

LAKE COUNTY COMMUNITY DEVELOPMENT CORP

This is a background and interim summary report of work being completed under a Contract with the Montana Department of Labor to complete the following objectives within a 4-County area comprising the Western Rural Development Region.

1. Interviewing companies in leading/sustaining industries to determine:
 - What they see as educational weaknesses in their current work force
 - Skills that could/should be improved to better meet their current needs
 - Industry trends that will dictate the skills needed in a future work force

2. Surveying area High schools, Colleges (Flathead Community College; Salish Kootenai College and Montana Tech) and Job Corps to determine:
 - What trades are currently being taught
 - What is their relationship to local manufacturing industries
 - How they update their curriculums
 - How they judge their relevancy
 - How they see change occurring (or do they?)

3. Identifying gaps between employer needs and current capacity of workers and/or educational institutions to meet those needs to determine:
 - What, if any, gaps exist
 - What short-term or long-term training strategies might be employed to help bridge any gaps
 - How Montana's proposed new and incumbent worker training programs could be best used to assist our manufacturers (big and small) in bridging those gaps
 - How other training programs delivered by our business center, MDOL or others could be used to assist in bridging those gaps

4. Determine if a model for a "job skills training center" as envisioned by Sanders County Community Development could be a viable means of coordinating job training programs for local manufacturers. Determine:
 - How such a center would be set up and/or managed
 - If it could be economically sustainable
 - What partnerships would be critical to its success

Methodology: Billie Lee, Executive Director for Lake County Community Development and Tina Oliphant, Business Development Officer were responsible for developing the project and overseeing the work plan, as well as completing interview in Lake County. Subrecipient contracts were issued to local development organizations in Mineral County, Sanders County, Libby and Eureka to complete local research. Interviews have been completed with 33 businesses, employing 1509 full-time equivalents; and 9 high schools (including Job Corp) throughout the region. **Still to be interviewed are 2 high schools in Lake County and schools in south Lincoln County, Salish Kootenai College, Flathead Community College, Missoula College of Technology, an adult literacy program and trade union. The full results will be submitted in a final report to be issued prior to May 20, 2009**

Background: The area being served by the project includes the entire *Western Rural Development Region* (WRDR) as registered through the Montana Department of Commerce *Certified Regional*

Development Corporation Program (CRDC). Lake County Community Development Corporation is the state CRDC for this region, which includes Lake, Lincoln, Mineral and Sanders Counties (and all communities within) and the Flathead Indian Reservation. These areas are further described as follows:

These rural counties have a combined population of 61,920 (2006) and occupy a geographic area of 9,280 square miles. Eight of its communities are incorporated. The Flathead Indian Reservation overlays most of Lake County and a portion of Sanders County, but approximately 70% of the residents of the reservation are non-Indian. The following describes the counties and communities making up the region in further detail, utilizing the most recent *BEARFACTS* statistics for 2006 (included in Exhibit 1).

Lake County: The county, occupying an area of 1,653.8 square miles is ranked 9th in the state with a population in 2006 of 28,394. Polson is the county seat and the state's 18th largest city. In 2006, the county had a per capital personal income of \$23,344, or 76% of the state average of \$30,790 and 64% of the national average, ranking it 45st in the state (up from 47th in 1991). The 2000 census calculated median income for the county at \$28,740 (87% of state median of \$33,024) with 27.7% of all households making below 80% of median and 136% of the national poverty income level of \$21,200. The poverty rate at that time for all individuals in the county was 18.7%.

Lincoln County: The county, occupying an area of 3,613 square miles is ranked 10th in the state with a population in 2006 of 18,661. In 2001, the county had a per capital personal income of \$23,935, or 78% of the state average of \$30,790, and 65% of the national average, ranking it 42st in the state (significantly up from its 55th rank in 1991). The 2000 census calculated median income for the county at \$26,754 (81% of state median of \$33,024) with 59% of all households making below 80% of median and 126% of the national poverty income level of \$21,200.

Mineral County: The county, occupying an area of 1,223.4 square miles is ranked 38th in the state with a population in 2006 of 3,967. In 2006, the county had a per capital personal income of \$24,557, or 80% of the state average of \$30,790 and 67% of the national average, ranking it 39th in the state (up from 54th in 1991). The 2000 census calculated median income for the county at \$27,143 (82% of state median of \$33,024) with 47% of all households making below 80% of median and 128% of the national poverty income level of \$21,200.

Sanders County: The county, occupying an area of 2,790.2 square miles is ranked 17th in the state with a population in 2006 of 10,898. In 2006, the county had a per capita personal income of \$22,116, or 72% of the state average of \$30,790 and 60% of the national average, ranking it 51st in the state (the same as in 1991). The 2000 census calculates median income for the county at \$26,852 (81% of state median of \$33,024) with 48.9% of all households making below 80% of median and 127% of the national poverty income level of \$21,200.

Flathead Indian Reservation: Of the total population of the region, an estimated 7,883 persons (or 19%) are of American Indian descent, living primarily in Lake and Sanders counties. Unemployment among Tribal members on the reservation can reach 41% at certain times of the year.

Employment statistics: The four counties and the Flathead Indian Reservation that make up this region consistently rate among the highest in the state relative to unemployment, income and poverty. As will be seen below, the region has reached a critical point with regard to the need for

assistance to curb escalating unemployment and to urgently address opportunities for job creation in a more creative way. Statistical data from the *Economic Profile System*, the *Montana Research & Analysis Bureau*, and *U.S. Census Bureau* are included in Exhibit 1. In summary,

Unemployment: February 2009 unemployment rates across the four counties have increased from 3% (Lake County) to 7.8% (Sanders County) as compared to February 2008. Three of the four counties lead the state in unemployment in February 2009, with Lake County trailing at 8th in the state. Two counties (Lincoln and Sanders) exceed the state unemployment rate by more than double.

Per Capita Income: The *Economic Profile System* shows that all four counties have experienced a persistent and consistent decline in “average real earnings per job” since 1970. Per capita income has remained flat or risen slightly, and earnings have fallen to meet the level of per capita income. Average earnings per job were \$6,000 to \$10,000 below the state average for the same period; and from \$20,000 to 25,000 below the national average.

Poverty: In 2000, the national poverty rate for all ages was 11.3%; and 16.2% for persons under age 18. The state rates were 13.3% and 18.8% respectively. The same rates for the four-county region in 2000 ranged from 17% to 18.2%; and from 25.5% to 29.5% respectively. By 2007, the national poverty rate for all ages was 13.0% and 18.0% for persons under age 18. The state rates in 2007 were 14.1% and 18.9% respectively. In contrast, rates in the region ranged from 16.4% to 21.3% and from 26.1% to 33% respectively – far exceeding the rate of growth both nationally and in the state.

Regional problems are further exacerbated by the following issues:

- a. Agriculture lands are being converted to residential development, reducing agriculture operations.
- b. Due to losses of land to residential development and environmental conservation, and significant mill closures, job losses have been incurred in the primary timber industry, which initiated the failure of many small businesses that were secondary dependents on basic timber and mining. Original timber employment has not been replaced at a rate equal to jobs lost in that area.
- c. Shortage of conventional debt “gap” financing for non-traditional businesses such as manufacturers, processors, technology companies and value-added enterprises, which tend to be capital intensive. These industries have been slow to replace past dominant basic industries.
- d. Conventional lenders are highly conservative and therefore unable to meet the need for broader based financing that is vital if the region is to diversify and stabilize its economy.
- e. The lack of risk capital has in many cases crippled the firms most vulnerable in the start-up phase, initial expansion phase, or in a buy-out situation. The lack of higher-risk financing has deprived firms of critical working capital, making it difficult to obtain needed equipment, inventory and receivable financing for the purpose of growth. Conventional lenders are looking for gap financing from lenders such as LCCDC.
- f. The rural nature of the area severely restricts the ability of new and expanding businesses to attract equity or investment capital at levels sufficient to leverage lending to the minimum requirements of local lenders.
- g. Due to the high unemployment in the area, women, especially single-parent women and minorities, have become underserved as jobs for unskilled workers are at a premium. Jobs are being filled first by the white males that have become unemployed due to downsizing in the wood products industry.
- h. Although Western Montana has seen an increase in population over the last decade, the increase is not favorable to long-term economic development. The decline in manufacturing, timber agriculture and mining industry is being replaced by a service industry that has traditionally had

lower paying jobs and has caused many workers to leave the region in search of employment. Their exodus has been replaced by an inflow of retirees and/or people who are seeking real estate investment and a more favorable life style. This is a further reflection of the earnings per job data cited in the previous section.

Structural Change in the Local Economy: There is a real need to diversify the economic base of the region, due to its long-term dependency on natural resources as its primary economic driver. The *Economic Profile System* developed by Headwaters Economics (a non-profit research group located in Bozeman, MT, web page headwaterseconomics.org), has completed an economic profile of all counties in Montana. Under a heading of *Specializations*, the report uses the sectoral composition of the U.S. economy as a benchmark for economic diversity and compares the local sector breakout to that of the nation. Communities that are heavily reliant on only a few industries may be economically vulnerable to disruptions. Two statements in these reports are common to all four counties in the region:

- There is an over reliance on agriculture, forestry, fishing and hunting (ranging from 8.4%-11.7% compared to 1.5% nationally)
- There is an under reliance on professional, scientific and technical services (ranging from 1.5%-2.9% compared to 5.9% nationally)

The following analysis of the Forest Products industry further defines the problems associated with our reliance on that sector and demonstrates the critical need for a structural change in our economy if we are to generate long-term sustainable economic growth.

Northwest Montana's Forest based production is in a critical decline that is directly related to the downturns in construction and housing components of the national economy. The industry historically experiences larger business cycle swings. The demand and price for finished products rises and falls with the rise and falls of the home starts. The other factor in the decline of the industry is the availability and ability to harvest raw materials. The federal and state governments, through continued environmental pressures, have drastically changed their process in removing timber.

As of December 2008, the wood products market is in very poor condition. The sub-prime mortgage crisis and the subsequent recession have the real estate market flooded with homes, foreclosures and tight loan requirements. Housing starts nationally are at a 25 year low and as a result there is little current market in the United States. Poor economic conditions in the United States and falling value of the dollar on the international markets have resulted global economic slowdown, resulting in a slowdown also in the export of timber. Although the dollar has gained some strength internationally, it is primarily due to weakening of other currencies, and not to any real financial stability in the American market.

The economic crisis comes on the heels of several years of timber market downturn. Current national policies that control the federal wood supply have had a significant negative effect on the timber industry in western Montana where federal land ownership makes up most of the 16 million acres of federal land in the State. Without a steady, reliable source of timber to feed mills many companies, especially small companies have struggled to continue operations and many have failed. These conditions have lead to temporary closures and layoff for some mills. Imports of wood products, particularly from Canada have also played a part in the effect on the forest products industry in western Montana. Most Canadian forestlands are provincially held Crown lands (77%), each with an annual allowable cut. This annual production is not, generally, interrupted by injunctions and lawsuits

as are timber sales on public land in the US. This policy difference and our timber trade agreements with Canada have helped provide a steadier flow of wood to the mills, but it has negatively impacted US-based logging companies because their skills are not needed.

The following is excerpted from a study *“Timber Availability and Wood Products Markets: Impacts on Montana’s forest Products Industry”* by Todd A. Morgan, Director, Forest Industry Research at the University of Montana (January 2009) and included as Exhibit 2.

“Lumber and Montana’s Integrated Forest Products Industry

Lumber production (at sawmills) is the largest piece of Montana’s wood products manufacturing sector—in terms of number of employees, timber-processing capacity, volume of timber used, volume of mill residue generated, and sales value of products (Keegan et al. 1995, 2000; Spoelma et al. 2008). Annually, Montana sawmills produce about 2 to 3 percent of the softwood lumber produced in the U.S., which is about 1.5 percent of the softwood lumber consumed in the U.S. each year (WWPA 2008a). In 2007 Montana’s lumber production was about 790 million board feet (MMBF), and about 710 MMBF in 2008 (Morgan et al. 2009). Lumber production in Montana has been dropping consistently since 1999 and sporadically since 1987, tracking very closely with in-state harvest levels but not as closely with U.S. housing starts—which increased consistently from 1991 through 2005 (Figure 1). Lumber production at the national level is much more closely related to housing starts, in part, because timber availability has not been as strong a limiting factor in other lumber-producing regions, thus allowing lumber production from other regions to increase when housing and lumber demand increase. “

“Because of lumber’s close relation to U.S. housing markets, its prominence in Montana wood products, and the highly integrated nature of Montana’s forest products industry, the market and timber availability issues that have so profoundly affected lumber are also impacting other sectors of Montana’s forest products industry. For example, the forestry and logging sector has lost employees and had to curtail operations because sawmills and other timber processors have had difficulty procuring logs and have reduced output levels. Likewise, as sawmill production declines, linerboard, particle board, and medium-density fiberboard (MDF) manufacturers—that purchase and utilize mill residuals (e.g., sawdust and clean chips)—struggle to find enough mill residuals and face higher prices for those residuals.”

“Other sectors of the forest products industry in Montana have also struggled with dwindling in-state timber availability while now having to face reduced demand for products brought about by the downturn in housing and global financial turmoil. A prime example is Montana’s log home industry, which grew considerably from the 1970s through the 1990s. However, log home sales have declined appreciably over the last several years, and an increasing proportion of timber for log homes comes from outside Montana (Spoelma et al. 2008). In 2004, one-third of the log volume used by Montana’s log home industry came from Canada and only 38 percent came from in-state; whereas in 1988, 71 percent of the volume came from Montana and less than 0.5 percent came from Canada.”

“At the receiving end of all the downturns in timber harvest volume, housing markets, and wood and paper products demand is the forestry and logging sector. Forestry and

logging has shed about 1,200 jobs—almost 40 percent of its workforce—since 1990 (Morgan et al. 2008, 2009; REIS 2008). About 350 employees were lost since 2005, with more attrition expected in 2009. This sector is arguably the most critical in Montana’s forest products industry for achieving forest management goals like ecosystem restoration and fire hazard reduction because it is the sector that conducts on-the-ground treatments for landowners.”

As further indication of this, the following is a list of mill closings within just this region since 1990.

- 1991 Flathead Lumber, Polson
- 1991 WTD Forest Industries, Columbia Falls
- 1993 Champion International, Libby
- 1994 Crown Pacific, Superior
- 1996 Crown Pacific, Thompson Falls
- 1996 Louisiana Pacific, Libby
- 1997 Border Lumber, Rexford
- 2000 American Timber, Olney
- 2002 Stimson Lumber Co., Libby
- 2003 Trout Creek Lumber Co., Thompson Falls
- 2005 Owens & Hurst Lumber Co., Eureka
- 2009 Plum Creek Timber, Fortine
- 2008 & 2009 – Lay-offs at Plum Creek Timber in Pablo and Columbia Falls

It is with this background in mind that LCCDC, with its regional partners, determined to undertake this project. If we look at our existing and emerging businesses (those with the best potential for long term economic stability and growth) and listen to their expressed needs for a work force that could serve them now and in the future, we could, perhaps, better assist those businesses in obtaining that work force. And, if by comparing those results to what is happening at our high school and college levels (or could happen), we could see a path to better developing a relevant work force for the future; then we might have the basis for a area-wide business-education task force to work on these issues.

SUMMARY OF WORK TO DATE, BY COUNTY

The following summarizes the work completed in each county, to date.

LAKE COUNTY

Workforce

Lake County businesses surveyed include:

- Ashley Martin – Arlee – manufacturer (health supplement manufacturer)
- SK Electronics – Pablo – manufacturer (electrical component manufacturer)
- St. Joe Hospital – Polson - hospital
- Jore Corporation – Ronan - manufacturer (drill bit and companion piece manufacturer)
- DRS Technologies – Polson – manufacturer (electrical components)
- Country Foods, Inc – Polson – manufacturer (food products)

Employment:

Total employment of the above employers represents 660 FTE. Employee layoffs were not currently occurring in any of the employers, although Jore Corporation has reduced FTE workforce by 25 % since 2008. Recovery in their work force will require a full economic recovery and development of new niche markets for the manufacturer. No companies are increasing employment at this time. At the present time, only Ashley Martin (Arlee) and DRS Technologies (Polson) has potential for an FTE increase based upon long term projects under development which may include substantial expansion of their businesses. Such expansion may occur as early as 4th quarter 2009 or spring 2010.

Employee Readiness Issues:

All companies experience the most difficulty (lack of a strong pool of workers) in finding and retaining workers in the **hourly** skilled and non skilled categories. The most notable deficiencies reflect an ill prepared workforce which lacks in the following:

- Lack of computer and software skills
- General knowledge of the manufacturing/warehousing environment
- Communication skills (oral and written)
- Basic mathematics skills (reading a ruler; following a recipe or instruction)
- Problem solving skills
- Customer service skills
- Aptitude for leadership
- Conflict resolution in the workplace
- Absenteeism issues and the consequences to the company

All companies would support this type of training from the outside, especially through adult education and/or literacy training. Several mentioned a desire for more emphasis in the school curriculum for these skills to be a critical component of the curriculum, working hand-in-hand with computer, vocational training, CAD drawing and machining operations and maintenance.etc. Job training that is specific to the employer's niche is generally provided by the company and customized to their needs and schedule requirements. They consider industry specific training to be part of their responsibility, a natural cost of doing business, and feel they are best positioned to develop the training. In the example of the hospital, the local college is used for CNA and RN certifications; however the local college restricts class participation by non Native population.

Professional, management and specialty-skilled workers are generally recruited to this area because of the quality of life factor and enthusiasm for the outdoor life style. Because these groups are typically paid a higher wage, quality of life becomes a major component of the work decisions. On the other hand, lower skilled workers who are paid less are less drawn to the "quality of life" factor, economically, and the rural nature of the County and lack of services can be an impediment to attracting those workers.

Public Education

Curriculum/Enrollment/Adult Ed

To date, Polson and Ronan District Superintendents and High Schools and Kicking Horse Job Corp have been interviewed. Districts in St. Ignatius, Charlo and Arlee will also be interviewed, along with Two Eagle River High School, Salish Kootenai College, Flathead Community College and College of Technology in Missoula.

High School: Those sitting in on meetings included the District Superintendent; HS Principals; Guidance Counselors and/or Curriculum Directors.

Polson High School – 480

Ronan High School – 300

Both schools report falling enrollment and a “graduation rate” of 70-75% from freshman entries. A problem that both discussed relative to the defined “graduation rate” is that if a young person leaves school and goes to get his/her GED, the school has to count them as a drop out – even if that person goes from their GED to gaining a PHD somewhere.

Whereas the greatest emphasis continues to be on college-bound (including both 2-yr and 4-yr schools), both schools consider themselves to have a variety of “career” tracks that students can choose from. Polson begins its tracking in earnest in the 8th grade where kids are tested and provided options for their HS course-work. This year, they are introducing a teacher/coach system, where each incoming freshman is assigned a teacher/counselor that has similar interests to those expressed by the student and will work with them through their HS career to help motivate/guide the student in their career choices. Ronan is especially concerned with meeting OPI and NCLB criteria and their students have been progressively achieving at a higher level. Both schools offer some degree of fast-tracking, and Polson works, on a minimal level, with Flathead Valley College to enroll students in college-level courses. They would like to see this program expanded. Ronan offers an aggressive “agriculture technology” program that is more focused in college prep for MSU-Bozeman. Ronan is more aggressive with students wanting to leave school and trying to find suitable placement at a Job Corps or other location that offers GED and vocational training. Relative to vocational training, the following cross-section of alternative classes are offered:

- Building Trades
- Welding
- Advanced Computer Science
- Shop/CAD
- Advanced Business
- Family Consumer Science/Culinary Arts
- Agriculture Technology

Polson has the most aggressive non-technology curriculum with advanced business and economics options for students.

In discussions with both schools relative to the issues raised by employers regarding work ethic, attitude, application of basic skills, etc. both schools emphasized that there needed to be more aggressive changes in early-childhood learning and within the family structure before we would see much improvement at the high school level. Polson has received a grant to assist them in developing a model along those lines.

Adult Education: While both schools offer limited adult education classes, they are based on community demand rather than a curriculum, per se. Both are open to expanding these programs in that they would/could offer the school’s resources to a structured class that has the teaching component with it. Polson is more limited than Ronan in that it could only be used within the school year.

Summary: There is a gap between employer perception of students “readiness to work” and what the schools feel they are producing. Both school districts indicated a willingness to participate in a future task force comprised of educators and employers to determine how this gap might be shortened. Both schools stressed the need to begin the work in early childhood – working with both parents and children – if there is to be a sustaining change in how we as a society approach work. Students geared to succeed will succeed in the face of most all challenges. Children geared for mediocrity or failure will tend to struggle despite many opportunities to change or succeed.

Kicking Horse Job Corp: an alternative GED and vocational training for ages 16-24. Current enrollment is 230. Nearly 2/3 of student who enroll are there to obtain a GED in addition to technical training. Of the 261 who enrolled in 2008, only 79 actually “graduated” from a full course-work and were placed either in college/advanced training program, the military or in a job. Over 100 were dropped due to disciplinary action; 50% of those were dropped for drug violations. This has resulted in a strict “no tolerance” policy, and all students are drug tested upon entry. If drugs are found, they have 30 days to clean up or they are expelled from the program.

All students take math and English placement tests upon entry and are enrolled in adult literacy classes accordingly. They cannot progress through a GED or into advanced trades until literacy scores are improved to a specific level.

Highest placement in jobs is for students completing either heavy equipment or dental assistance programs. Their dental assistance students are enrolled in a cooperative agreement with Salish Kootenai College and are bused to the college each day for classes. Length of stay is program specific, following completion of the GED, and can range from 6 to 24 months. Other certification programs include: carpentry, certified clinical medical assistant, certified nursing assistant, culinary arts, diesel mechanics, facilities management, and basic finance and business. The institution has also introduced a program of “Career Success Standards (CSS)”, setting an expectation in the areas of employability, social development and independent living skills. The intent is to weave the program’s standards into all aspects of daily life, living and classes at Job Corps.

Summary: Job Corps is evolving into a viable option for students preparing to enter the workforce following a less-than-successful high school career. The CSS program is the most responsive to the needs for a quality of worker as expressed by the employers.

MINERAL COUNTY

WORKFORCE

The workforce development project involved four industries and three public schools in Mineral County. The four businesses/industries included the following:

- Superior Meats
- Big Sky Machining
- Tricon Timber
- Tricon Post and Pole

Employment

The employees from the companies mentioned above consist of approximately 162 employees or nearly 10% of the current workforce of 1625. Employee layoffs were evident in three of the four

companies totaling 93 currently laid off. All businesses reported that in order to recover, the economy would need to dramatically improve.

- Superior Meats has the greatest potential for expansion at this time because they are in the process of capturing new markets for their products including buffalo jerky and barbecue sauces. They are the only business that has not cut their labor force.
- Big Sky Machining relies heavily on Research and Development projects and is currently producing prototypes for the Boeing 787. When Boeing cut back on R&D, it adversely affected Big Sky Machining. Their labor force of six is all unemployed.
- Tricon Timber and Post & Pole plant have the greatest layoffs however they employ one or two shifts per week to maintain their product inventory.

Employee Readiness Issues

All companies require employees who are adequately trained. They all commented that the biggest obstacle was finding those who demonstrated a strong work ethic and work experience. One employer mentioned that their employees do not realize that their individual efforts relate directly to the success of the company

- Big Sky Machining requires specialized training in Computer controlled machining. This specialized training is offered at Helena Vo-tech and is far beyond the capabilities of local schools. Employees for Big Sky are recruited from the East Coast and often times have a great difficulty adjusting to local customs and culture. Big Sky would support training if it addressed the sophistication required for their machines. They would like to see some sort of apprenticeship program.
- Superior Meats would support training if it focused on the meat cutting/processing industry. They too would support some type of apprenticeship or OJT.
- Tricon (lumber and post & pole) recruits locally and trains their employees while on the job. Their employees do not receive the specialized training in welding that is required on the job.

Summary

There seems to be somewhat of a “disconnect” between the businesses and public schools. Even though the schools are addressing skills for the workplace, the actual training is still deficient in satisfying the job requirements.

Public Education

Curriculum/Enrollment/Adult Ed

The three public schools in Mineral County; Alberton, Superior, and St. Regis were interviewed resulting in the following observations.

High Schools enrollment reflects a total 250 students:

1. Alberton-62,
2. Superior- 138,
3. St Regis -50

All three schools are providing educational programs in technical skills, and prerequisite courses for post secondary technical schools and/or colleges. By far the most emphasis is focused on college bound students. Core curriculums are reviewed annually by faculty committees and comprehensive reviews are completed every three years on the core curriculum. The curriculums are compared to both national and state standards. All schools actively promote external programs that are sponsored by the university system (Upward Bound, Montana Gear Up, and subject matter camps). St. Regis is

the most aggressive in promoting extra curricula education. They are the only school in the county cooperating with the Flathead Valley Community College providing both credit and non-credit courses through their interactive video. One high school student earned 14 semester hours by graduation time.

Adult education is provided based on community interests and expressed needs of local residents. GED is offered as well as computers, welding, arts & crafts, physical fitness, and yoga. Adult Education is funded through local mill levies and budgets will vary by school but normally range from \$15,000 to over \$25,000 per school. The effort to determine the needs of local employers and create educational programs seems to be lacking in all three schools. Alberton did mention that they sponsor a program entitled Job shadowing that is quite popular.

Changes/philosophy/ future

All three schools embrace a philosophy that education is important from the cradle to the grave. They do place a priority on post-secondary education that is geared to college bound students.

Numerous changes were mentioned including:

- Technology has drastically changed the delivery of programs through computers, video, smart boards and electronic calculators. This technology has allowed the teacher to become more effective and can now teach to every level of student aptitude.
- The lower grades (3&4) are now taking math classes that were formerly taught to 5th and 6th graders.
- Vocational training and Home economics are both very low priorities in the educational arena.
- One school (Alberton) is now on a four day week that seems to be successful. The teachers have 22 more student contact hours and use Friday's for staff development and committee meetings.
- There are changes in ACT scoring that is making it more difficult for some students to enroll in post secondary schools.
- Some faculty is not fully committed to monitor progress of their educational programs.
- Perhaps one of the most significant changes reflected in all three schools is the lack of student commitment. They have introduced "Character Education," a program for elementary students that includes; diversity, fairness, citizenship, caring and individual responsibility.

Opportunities

All schools indicated that with additional funding they would recruit a full time teacher for non-credit classes and track students acquiring GED and basic skills required in the work place. The schools also reported the desirability of a community center that would embrace life-long learning, vocational education, and a host of ancillary activities.

Summary

The public schools in Mineral County are doing an exceptional job within the constraints of limited resources. They are able to address the educational needs of k-12 but are not satisfying the needs of businesses and industry.

LINCOLN COUNTY

Lincoln County is comprised of “north Lincoln County” (the Tobacco Valley area comprised of Eureka and Fortine) and “south Lincoln County” (including Libby and Troy).

North Lincoln County

The following five businesses were chosen due to their being the major employers in North Lincoln County:

- North Country Medical Clinic
- Lincoln Electric Coop
- Prompt Care Medical Clinic
- Indian Springs Golf Course
- Mountain View Manor

Employment

The employees from the companies mentioned above consist of approximately 95 full time employees and 49 seasonal/part time Employees. There was 1 company that reported a permanent layoff of 2 employees. None of the businesses interviewed could foresee any layoffs in the future.

- Indian Springs Golf Course is currently under construction and anticipates having 25-30 full time and 60-80 part time employees once fully operational.
- Mountain View Manor is currently looking in to expanding their services in related areas.
- Prompt Care Medical Clinic has added CT imaging & will continue to expand as needed to meet the community’s needs.

Employee Training

All of the business that were interviewed preferred to hire on a local level and use the news papers to do so. We found that for the most part businesses feel it is very important to hire from within their local workforce and only hire from out of County/State when a position calls for someone with special skills that cannot be found in the local area at the current time. None of the business that were interviewed are interested in any work force training at this time.

- Mountain View Manor recruits locally and offers some training to current and future employees.
- Prompt Care Medical Clinic and North Country Medical Clinic work under a hospitals umbrella, all of their training is done through the hospitals. Both Clinics recruit on a local level as well as state wide.
- Indian Springs Golf Course recruits locally and trains their employees while on the job. Hiring is based on personality and first impressions before experience.

Summary

There seems to be a lack of professionalism. Poor Speaking skills, poor appearance, poor actions and a lack of customer service skills are a problem with in the work force.

Public Education

Curriculum/Enrollment/Adult Ed

Lincoln County High School was interviewed.

In regards to job readiness and job skills Lincoln County High school currently teaches Human Relations, Consumer Economics, and Building Trades. The High School is currently seeing a growing

demand for technical training and is working on improving their computer science programs.

Lincoln County High School currently offers a Vision Net Room for adult education but has found that it is not utilized as often as it could be. The school does not have the funding or capacity to conduct the classes on their own.

The Eureka Chamber of Commerce has been working with Flathead Valley Community College on offering more adult education classes via online courses, in-class (utilizing the school facility in the evening), and courses through the Vision Net. The school would like to see adult GED courses offered in the Tobacco Valley.

Changes/philosophy/ future

The schools philosophy/mission is to develop a learning community where students, staff and patrons can continually teach and learn in a safe and healthy environment. This includes high education, job training, and life skills in general. The school did not go into detail about changes occurring within their programs nor in the near future.

Summary

The public schools in North Lincoln County are doing an exceptional job within the constraints of limited resources. Funding is always a concern and considerable cutbacks are being projected in the upcoming budget year.

South Lincoln County

WORKFORCE

The workforce development project involved six industries and two public schools in south Lincoln County. The six businesses/industries included the following:

- Environmental Restoration (ER)
- CDM
- St. John's Hospital
- Semitool
- U.S. Forest Service, Kootenai National Forest
- Rosauers Food Store

Employment

Lincoln County is currently experiencing the highest unemployment in the State, with a 16.6 % unemployment rate. However, this number does not reflect the self employed which represent a large portion of timber based jobs in the county, so the true number of unemployed is thought to be closer to 20%. Employment conditions among the interviewed businesses vary considerably, but report a current level of combined employment of 522 FTE's. Stable employment conditions continue for Rosauers, St. John's Hospital, permanent Forest Service, and full time Environmental Restoration and CDM employees. Semitool has had 15 layoffs at the Libby operation since October of 2008, but continues to employ 20 people locally on a reduced, 32 hour week. CDM, Environmental Restoration, and the Forest Service all have significant seasonal workforces, most of which will begin employment in May.

- Semitool is the only business that was interviewed that had experienced significant layoffs. However, they were optimistic that the market would improve, and hoped to expand into

manufacturing of parts that they require for their own products, as some of the companies that they purchased those parts from were having difficulty keeping their doors open, and could impact Semitool's ability to produce goods.

- Reduced numbers of homes and businesses for EPA cleanup this year will reduce the working season for both seasonal employees of CDM and Environmental Restoration. A short working season in 2009 will affect 135-150 employees. Potential changes in Superfund oversight may also affect employment in the coming year.
- St. John's Hospital is planning to build a new, larger hospital in the coming year. Expansion of the hospital will result in more service jobs, including laundry, food service and custodial positions. Increases in professional positions are not expected at that time.

Employee Training

The minimum educational level for all jobs was a high school diploma or a GED. Most employers commented that they had good employees currently, but that the major reasons for letting people go were associated with poor work ethic, and/or attitude. Five of the six employers also mentioned a need for better communication skills, both written and verbal, in current employees. Other desirable skills mentioned were "being a team player", soft skills, and better computer skills, particularly spreadsheets (Excel).

Nearly all the employees interviewed had their own training programs for the skills needed in their business. However, some mentioned a need for better writing skills, specifically technical or report writing (CDM and ER), and resume or application preparation (St. John's and Rosauers) and also, computer spreadsheet skills (CDM and F.S.).

- Semitool and Rosauers train their employees in house and did not feel that addition outside training was necessary. Rosauer's even mentioned that they prefer to train in house over experience in some cases, as they have specific methods and find it harder to "untrain" people.
- The Forest Service also has extensive, specific training geared to the specific area the person works in.
- Environmental Restoration requires Hazwopper and asbestos abatement training for field going employees, and an annual recertification for returning employees. CDL are required for operators. These classes are currently offered locally. They mentioned a need for basic carpenter skills but it is difficult to attract people with those skills for seasonal work when they can (or have been able to in the past) find yearlong work as contract carpenters.
- CDM mentioned a need for basic supervision classes, particularly for people that are transitioning from equipment operators to supervisors.

Summary

Most of the employers interviewed have their own in house training programs that specifically address the needs of that business. They also reported that on the whole employees had good reading and writing skills, and that those that did not were eliminated during the application process. Ninety percent of firings were due to poor work ethic or attitude.

Public Education

This report has not been completed, and will be included in the final report.....

SANDERS COUNTY

WORKFORCE

The workforce development project, to date, has involved four industries and three public schools in Sanders County. This research has laid the groundwork for further developing the idea of a workforce training center in Sanders County. The development of such a center will be further discussed in the final report due in May. The twelve businesses/industries included the following:

- Manufacturing
- Banking/finance
- Log Homes

Employment

A total of 12 businesses, comprised of 70 FTE employees were interviewed. Employee layoffs were evident in several of the companies. All businesses reported that in order to recover, the economy would need to dramatically improve.

- The manufacturing sector was negatively impacted significantly more than the finance sector.
- Across the board, orders were down, primarily due to the national economic downturn and the softened real estate market. Employers stated that they were not currently hiring and in one instance the company went from a payroll of fifty full time employees to zero full time employees and fifteen part time employees.
- One company executive indicated that he was experiencing no significant slow down. He felt that this was a result of his business generating orders largely from federal agencies.
- The finance sector was experiencing “lower than normal” activity which was directly attributed to the soft real estate market as well as fewer motor vehicle purchases.
- A predominance of the businesses indicated they had no plans to initiate capital improvement projects, or had placed on hold those which had been planned.

Employee Training

All companies require employees who are adequately trained. They all commented that the biggest obstacle was finding those who demonstrated a strong work ethic and work experience. One employer mentioned that their employees do not realize that their individual efforts relate directly to the success of the company

- The greatest common disparity was found in the category of “Work Habits”. Without exception, owners and managers rated the performance of their employees, versus expectations, to be deficient by an average of 30% to 40%. It is interesting to note that most employers interpreted “work skills” to encompass: work ethics, promptness, commitment to job, “people skills” and communication skills.
- Basic mathematic skills were found by a predominance of employers to be low or lacking, followed closely by a deficiency in both written and oral communications.
- Those companies requiring mechanical and machine or tool operation skills expressed a relatively low disparity between expectations and performance, but a relatively high variance in the area of equipment maintenance. Again, performance fell short of expectations.
- The most notable and pervasive disparity in the area of “Specialized Skills Needs” was that of computer skills. Both the manufacturing and financing sectors expressed a concern over the lack of finding prospective employees possessing relative computer skills.
- Specifically, employers in the manufacturing sector stated they had difficulty in finding prospective employees who had CAD skills and/or experience, while prospective employees

seeking jobs in the finance sector lacked skills in word processing, spreadsheet, and applications.

- Demographically, middle aged, and older, prospects not only lacked skills, but were less comfortable working with a computer if they had not done so previously. Younger prospects were generally quite comfortable using a computer but their skill was predominantly confined to recreational usage, i.e. the internet, games, chat rooms, and downloads.

Public Education

The three of the four public schools in Sanders County; Thompson Falls, Noxon and Plains were interviewed resulting in the following observations.

- No specific training was offered to prepare a student for work. A general census concluded even though there were consequential measures in place for lack of adherence by students to rules, these measures did not necessarily deter certain students from repeat offenses. The administrators indicated they were not surprised that employer's expectations exceeded results and performance with regard to "work ethics."
- Each administrator stated that, typically, there were exceptions referring to those exceptions as the "best and the brightest".
- There are currently no OJT programs active in the schools interviewed. One administrator indicated that an OJT program was attempted in the past; however, it resulted in a strain on the staff, and did not effectively serve the appropriate student population.
- The student population which was not intending to go on to college, in each school had programs in place to meet the needs of those students. However, one administrator reported a decline in enrollment in both the vocational and industrial arts programs, while another indicated an increase in vocational classes and a decline in the industrial arts classes.
- CAD is currently offered in two of the schools with one school showing acceptable enrollment. One school dropped its CAD program due to a lack of interest.
- Each school had in place a formal curriculum to prepare students for job interviewing and resume writing through either the English curriculum, BPA (Business Professionals of America), or the federally sponsored Jobs for Montana Graduates.

None of the schools interviewed are currently providing an autonomous, continuing adult education program. Employers told us that the younger age groups had good computer skills but the ones over forty had fewer skills. Ironically, the younger ones had good Internet skills, but little business application skills.