

Summary of Train to Work, Health Careers Institute State Bond Fund Proposal for IGR report

Amount Requested

\$3 million. Of this total, \$2.76 million is for hard construction costs, and \$240,000 is for soft costs.

Location

If the bond funds are approved, the Train to Work/Health Careers Institute (TTW/HCI) would move from its current location in a medical office building on 26th & Chicago to the Sears Building.

Program Description

The TTW/HCI is a partnership of three Minneapolis hospitals (Abbott Northwestern, Children's and Hennepin County Medical Center) and the Minneapolis Community and Technical College. The program provides basic skills training while lifting people out of poverty. TTW/HCI develops career ladders around positions specified by the hospitals. Graduates who fulfill the hospitals' hiring requirements are guaranteed jobs.

By way of background, Train to Work (TTW) is a program initiated by Project for Pride in Living in 1997. It prepares inner city residents for entry-level positions in the health care industry. Since the program began, it has trained 612 individuals; 457 obtained jobs. In 2002, the average wage at placement was \$10.47/hour.

HCI was launched in Minneapolis in 2000. HCI provides on-site college training and instruction to prepare individuals for entry-level positions in health care. The program has been replicated in St. Paul. In its first three years, HCI has filled 900 classroom seats comprising about 500 students; 78% of graduated have been placed, and graduates who were previously working experienced a 27% increase in their average wage. HCI recruits from economically distressed areas of Minneapolis, including the Empowerment Zone, and from health care workers seeking to move up a career ladder. There is tuition assistance available to eligible students.

TTW/HCI are helping to meet the health care labor shortage.

The Sears location is an ideal location for this program because it is contiguous to Abbott Northwestern and Children's hospitals, and it also provides convenience to residents of the Empowerment Zone.

Ownership

The City of Minneapolis will own the facility. PPL, a non-profit, will operate it.

1) *Name of the local government or political subdivision that is submitting the request.*

City of Minneapolis

2) *Project title.*

Train To Work/Health Careers Institute

3) *Project priority number (if the applicant is submitting multiple requests).*

Priority 5 of 5 (City of Minneapolis)

4) *Project location.*

Former Sears development in South Minneapolis, in the 1928 tower building.

5) *Total project cost (all funding sources – all years – for all capital costs).*

SOURCES

Private debt/equity	0
Land sale proceeds	0
DTED Redevelopment Grant	0
Empowerment Zone	0
State Bonds	3,000,000
DEED & MC remediation grants	0
MSA	0
TEA-21	0
Tax Increment	0
Special Assessments	0
Middle Mississippi watershed	0
TOTAL	<u>3,000,000</u>

USES

Building Construction (17,000 SF)	2,380,000
Furniture and Equipment	380,000
Design	240,000

TOTAL 3,000,000

10) *Project description and rationale (two pages maximum). The very first sentence of this narrative should identify what is being requested. Example: "This request is for \$x in state funding to acquire land, predesign, design, construct, furnish and equip a new such-and-such facility for such-and-such purposes". Explain whether the project has local, regional or statewide significance – and why.*

This request is for \$5,000,000 in state funding for design, construction, furniture and equipment for the Train To Work (TTW)/Health Careers Institute (HCI). TTW/HCI will build out a space in the former Sears building on East Lake Street in South Minneapolis. The location is ideal for recruiting residents of the Empowerment Zone and other low-income neighborhoods.

Train To Work/Health Careers Institute (TTW/HCI) is a partnership among three Minneapolis hospitals (Abbott Northwestern, Children's Hospitals & Clinics, and Hennepin County Medical Center), and the Minneapolis Community & Technical College. Its purpose is to fill basic skills and health care jobs while lifting people from poverty and improving challenged communities. TTW/HCI develops careers ladders around positions specified by the hospitals and recruits from particular geographies and positions. Graduates who fulfill the hospitals' hiring requirements are guaranteed jobs.

Prior to the merger of TTW and HCI in 2003, the two programs operated independently. Programmatically, the joining of these two programs was very appropriate. TTW provides necessary training for job entry into the health care industry, and HCI provides college-credit training necessary for professional advancement through a thoughtful, achievable career laddering approach.

Train To Work

Launched in 1997 with support from the Phillips Partnership, PPL created Train To Work to prepare inner-city neighborhood residents for entry-level positions in the health care industry, including housekeeping, nutrition services, transportation and mail room services. The program provides much-needed support and training for economically disadvantaged individuals. Since the program began, 612 participants have graduated; 457 of them have obtained jobs. In the last year, the average wage at placement has been \$10.47 per hour. Graduates have an 80 percent retention rate, some going as far back as five years. While TTW was not originally designed as a "welfare-to-work" program, nearly 60 percent of graduates to date have been on public assistance.

Health Careers Institute

Launched in Minneapolis in August 2000, the Health Careers Institute was created to provide on-site college training and instruction to prepare individuals for entry-level positions in health career. The HCI model has local and regional significance and has already been replicated in St. Paul with the creation of the East Metro Health Careers Institute. In its first three years, HCI has filled 900 classroom seats comprising an estimated 500 students. Seventy-eight percent of graduates have been placed, and students who left previous jobs to study at HCI have experienced a 27-percent increase in income when returning to work, attaining an average wage of more than \$11 per hour.

Although HCI is open to all, its goal is to recruit a significant percentage of its students from economically distressed areas in Minneapolis – including the federal Empowerment Zone areas in the near south and near north. HCI also recruits from the pool of hospital employees seeking to move up the career ladder. Because of their economic and employment status, these students receive financial assistance for their tuition from HCI, as well as receive career counseling and placement services. They are tracked by HCI for 12 months following job placement. They are “sponsored” students.

Tuition assistance for sponsored students comes from two primary sources. For those who are employed at the three participating hospitals, their employers provide partial tuition reimbursements. For those who live in the Empowerment Zone and who are not employed at the hospitals, EZ scholarships are available. Program enrollment, completion, placement and job retention objectives will be met through continued emphasis on market need, community outreach and student support.

Labor Shortage in Health Care

The Minnesota Department of Economic Security reports that, even as the economy has slowed and unemployment rates have risen, the health care industry needs workers. The Department’s end of year 2002 Minnesota Job Vacancy Survey confirmed that these vacancies persist, stating, “...the health care sector outstrips all other industry groups in the number of job vacancies.” The job vacancy rates show that three health care occupational groups, in particular, have the greatest need for workers. These are:

- Health care practitioners and technical occupations, including registered nurses and licensed practical nurses; (vacancy rate: 4.7 percent)
- Personal care and services occupations, including child care workers, and personal and home care aides (vacancy rate: 5.8 percent)
- Health care support occupations, including nursing aides, orderlies and attendants (vacancy rate: 3.7 percent)

Minnesota has been recruiting health care workers from as far away as the Phillipines. TTW/HCI is a proven model that demonstrates there is a productive way to train under- and unemployed Minnesotans to meet employer needs and invest in community improvement and stabilization.

Long Term Sustainability

TTW/HCI must expand into more affordable space to be viable in the future. At present, the programs are based in a medical office building near Abbott Northwestern Hospital, where rental rates average about \$35 per square foot. Proximity to the hiring hospitals has been an important factor contributing to the success of the program, particularly for hospital workers taking advantage of programs nearby after work. The former Sears development is an ideal location to relocate TTW/HCI because it is contiguous to Abbott Northwestern Hospital and Children’s Hospitals & Clinics of Minneapolis. It is also an ideal location from which to recruit residents from the Empowerment Zone, while also affording the opportunity for the training programs to expand and while lowering lease rates.

11) *Identify who will own the facility. Identify who will operate the facility.*

The City of Minneapolis will own the facility. Project for Pride in Living, a 501(c)(3) non-profit organization will operate the facility.

12) *Identify total project costs for each of the following categories: land acquisition, predesign, schematic design, design development, preparation of bid documents; construction costs; furniture & equipment, and relocation costs.*

2004 Capital Budget Request	
Land Assembly	0
Predesign	15,000
Schematic design	0
Design development	225,000
Preparation of bid documents	5,000
Construction costs	2,755,000
<i>Total</i>	<i>\$3,000,000</i>

13) *Identify the total square footage of the current facility and new square footage requested for the project.*

TTW/HCI occupy approximately 5,000 square feet in the current medical office facility. TTW/HCI will occupy 17,000 square feet in the former Sears development.

14) *Project schedule. Identify the date (month/year) when construction crews are expected to first arrive on site, and the date (month/year) when construction will be completed with a certificate of occupancy obtained.*

Timeline

Construction of the TTW/HCI facility will proceed concurrently with the build out of the former Sears development, which is presently scheduled to open in phases starting in 2005 and 2006.

15) *Identify any new or additional state operating dollars that will be requested for operation of the project (cite the amount and year, if applicable).*

No state operating funds are requested at this time.

16) *Attach a resolution of support from the governing body of the applicant, if available.*

The Minneapolis City Council resolution, pending the Mayor's signature is attached.

- 17) *Project contact person, title, address, phone, fax, and email (a project spokesperson who is knowledgeable on the project and can answer detailed questions).*

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