

2008 Innovations Awards Program
APPLICATION

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ID # (assigned by CSG): 08- E-26PA

Please provide the following information, adding space as necessary:

State: Pennsylvania

Assign Program Category (applicant): Human Resources/Education – Workforce Development (Use list at end of application)

1. Program Name
Pennsylvania Industry Partnership Development & Training
2. Administering Agency
Pennsylvania Department of Labor & Industry - Pennsylvania Workforce Investment Board (WIB)
3. Contact Person (Name and Title)
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9. Please provide a two-sentence description of the program.
Industry Partnerships are a key institutional innovation for meeting the skills needs of businesses, the career goals of workers, and the economic development goals of the Commonwealth. Industry Partnerships bring together multiple employers, and workers or worker representatives when appropriate, in the same industry cluster to address common or overlapping human capital needs.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2008 to be considered.
Initiative started in July 2005. It has been operational for 32 months.
11. Why was the program created? What problem[s] or issue[s] was it designed to address?
Traditional emphasis of the workforce system focused on the unemployed or transitional workforce, which served 5% of the population. The majority of state and federal funds went to support the unemployed or transitional population with employment services. The incumbent workforce or the remaining 95% of the population needed to be served. Two years of meetings and retreats with employers and legislative members helped create a new workforce development strategy with a focus on the incumbent workers. Throughout the overall process we learned there was a gap or separation between what educational institutions offered and what industry actually needed. Industry felt education was not meeting their specific training needs.
12. Describe the specific activities and operations of the program in chronological order.
2003-2004 - The Commonwealth targeted 9 industry clusters and eight sub-clusters based on detailed industry analysis, the local knowledge of leading Local Workforce Investment Boards, input from educators, and input from representatives of the Departments of Labor & Industry and Community and Economic Development. Each of the targeted industry clusters consists of a group of industries that are closely linked by common product markets, labor pools, similar technologies, supply chains, and/or other economic ties with the largest employment opportunities in the commonwealth.
2004 – The Department of Labor & Industry embraced the industry clusters and decided to focus all workforce training dollars around the targeted industry clusters and high priority occupations within each targeted cluster.
2004 – Meetings and retreats with employers and legislative members around the state to discuss workforce challenges.
2005 – January – Secured \$5 million from the Department of Labor & Industry and the Department of Community and Economic Development to support a Manufacturing Incumbent Worker project. This initial project was used as the starting point for development of the Industry Partnership Initiative. 13 projects were funded in which they trained 2,800 incumbent workers.
2005 – May – Industry Partnership guidelines were developed
2005– July – state legislature appropriated \$20 million to support industry partnership development and incumbent worker training.
2005-2006 FY – 65 industry partnerships funded, 50 training grants funded
2006 – May – Guidelines updated
2006 – July – state legislature appropriated \$20 million to support industry partnership development and incumbent worker training.
2006-2007 FY – 45 industry partnerships funded, 55 training grants funded
2007 – May – Guidelines updated
2007 – July – state legislature appropriated \$20 million to support industry partnership development and incumbent worker training.
2007-2008 FY – 60 industry partnerships funded, 68 training grants funded
13. Why is the program a new and creative approach or method?
Past workforce programs focused primarily on quickly matching people with jobs, but didn't consider business and industry training needs. Pennsylvania's new workforce development system is focused on the future, creating a skilled workforce and insisting that all workforce

training and education programs equip Pennsylvanians with the skills employers need to be successful. This program can accomplish the following:

- Identify the training needs within businesses, including skill gaps critical to competitiveness and innovation;
- Facilitate companies to come together to aggregate training and education needs and achieve economies of scale;
- Help educational and training institutions align curriculum and programs to industry demand, particularly for higher skill occupations;
- Inform and collaborate with youth councils, business-education partnerships, parents and career counselors and facilitate bringing employers together to address the challenges of connecting youth to careers;
- Help companies work together to identify and address common organizational and human resource challenges – recruiting new workers, retaining incumbent workers, implementing high-performance work organizations, adopting new technologies and fostering experiential on-the-job learning;
- Develop new career lattices within and across companies, enabling entry-level workers to improve skills to advance into higher skilled, higher wage jobs;
- Promote communication networks among firms, managers, and workers to promote and disseminate best practices.
- Help reduce the educational costs by aggregating training which can save thousands of dollars for both the commonwealth and the companies.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The Department of Labor & Industry used its current workforce system to support the initiative. Local workforce investment boards are mandatory partners in the program and serve as the fiscal agents for industry partnership grant awards. Two existing department staff coordinate the initiative. Labor & Industry's comptrollers and fiscal staff help support the overall project's funding in processing awards, reporting and auditing. Local workforce investment boards also support local staffs that coordinate industry partnership activity at their level.

15. What are the program's annual operational costs?

\$20 million per year in state appropriated funds. The initiative also requires each funding award to provide a one-to-one match of which 25% must be employer cash match. The commonwealth's incumbent training investment leveraged \$33,606,728 of employer match of which \$8,704,607 was cash. Local areas and other organizations also provide thousands of in-kind employee hours to support the initiative.

16. How is the program funded?

The program is funded (100%) by the state legislature.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.

No, Initial funding and funding in successive years has been through state budget appropriations.

18. What equipment, technology and software are used to operate and administer this program?

The Department of Labor & Industry's Workforce Investment Act financial management system serves as the software program to manage the funding at the local level. A Microsoft Access grants database was created for grant award tracking, report collection and overall program management.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes. While there were some sectoral projects being explored in other states, the Pennsylvania Industry Partnership sectoral approach is very unique.

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20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

While a few other states are supporting sectoral strategies, the commonwealth's industry partnership initiative has separated itself from other state programs. The primary difference between the activities in Pennsylvania and other states is that the Pennsylvania General Assembly has recognized the importance of creating a skilled workforce and has appropriated over \$60 million dollars to this effort. No other state has come close to the amount of state general funds focused on improving the skills of the overall workforce.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

No, we are in the third year of operation and the industry partnerships have additional funds budgeted in the FY08-09 state budget. We are pursuing legislation to institutionalize the initiative.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Pros –

Since we began the program we have achieved the following: we have 89 active partnerships, serving 6,194 employers, representing 20 industry clusters and trained 51,598 incumbent workers. The commonwealth's training investment leveraged \$33,606,728 of employers match of which \$8,704,607 was cash. The participants trained achieved a 12.89% wage increase. 75% of the employers participating in the program reported productivity gains due to the training. 83% of the employers reported increased retention. Due to the organizational structure of the industry partnerships, they are able to negotiate the overall costs of training on behalf of employers and have reported a cost per participant trained of \$806. Each industry partnership has taken a consortium based training approach, having multiple employers' workers attend similar trainings.

Cons –

The major con we are facing is the change from the old workforce development strategy and the costs of moving the existing workforce development system in another direction.

23. How has the program grown and/or changed since its inception?

Each year the overall program is evaluated, guidelines are reviewed and edits to the guidelines are discussed with local workforce investment boards. In the beginning, the program was part of the overall workforce system but was not aligned with other funding streams. Since the inception, the commonwealth has mandated that each industry partnership coordinate its activity with the local one-stops (PA CareerLinks) and other state department training programs. We have an integrated workforce system.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

A major obstacle other states will face is their ability to secure legislative and administrative funding support. To truly achieve the levels of success Pennsylvania has achieved, you will need additional state funding to support the activity. Some of the activity can be supported with federal Workforce Investment Act funding. However, the amount of federal funds each state can allocate to this type of activity may not be enough to support the initiative. Significant changes in the workforce development organizational culture are needed to make this activity the most effective. Also, educational providers need to understand that industry makes the decisions on what is taught to their workers.