

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF LABOR AND INDUSTRY



Manufacturing Sector
Incumbent Worker Training Program
Guidelines

Department of Labor and Industry
Pennsylvania Workforce Investment Board
901 North 7th Street, Suite 103
Harrisburg, Pennsylvania 17102

Commonwealth of Pennsylvania
Edward G. Rendell, Governor
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Submit Applications to:

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Harrisburg, PA 17120

Section 1 - Introduction

To meet growing and critical needs for workforce excellence in Pennsylvania manufacturing, the Commonwealth has developed a \$5 million incumbent worker training initiative targeted to this sector. The rationale for this initiative is summarized below, followed by program guidelines.

The Need for Training Investments in Pennsylvania's Manufacturing Workforce

The Commonwealth of Pennsylvania's economic health historically has depended heavily on its manufacturing sector. The last several decades have brought serious erosion of the state's manufacturing base.

From 1969 to 1989, Pennsylvania lost 542,000 jobs in manufacturing, more than twice the 234,000 manufacturing jobs lost in the rest of the United States in that period. After 1989, Pennsylvania continued to lose manufacturing jobs more quickly than the U.S. as a whole, including more than 170,000 manufacturing jobs since 2000. Job loss in recent years has hit virtually every major manufacturing region.

Increased global competition has brought on escalating price and cost pressures for many Pennsylvania manufacturers, particularly those competing in commodity markets. Manufacturers in today's economy must focus not only on process innovation and productivity improvements, but also must increasingly develop strategies to improve their top line cash statement through innovation and market expansion. Smaller and mid-size firms that often serve as suppliers to Original Equipment Manufacturers (OEMs) face challenges in meeting the demands for on-time, high-quality/low-defect products that are customized to their buyers' demands.

With Pennsylvania's manufacturing base facing significant challenges nearly everywhere, displaced workers, families, and communities have paid a heavy price. Job loss, wage stagnation or decline has accompanied contraction and restructuring. Despite the struggles of the past three decades, manufacturing remains vital to the Pennsylvania economy, accounting for 12% of employment in the Commonwealth and more than 20% of wages paid. The sector contributes more than \$68 billion annually to the Gross State Product.

In response to the crisis outlined above, the Commonwealth has developed a Manufacturing Strategy to help workers and firms improve their ability to compete. The cornerstone is technological innovation; the objective is to help Pennsylvania manufacturers find new business models, utilize innovation and value-added production as a means to compete in the international economy, and escape from commodity markets that place downward pressures on labor costs that often promotes further wage decline. Process innovation will help Pennsylvania manufacturers increase productivity, while innovation leading to unique products and new markets will permit the state's manufacturers and workers to prosper in an increasingly competitive global economy

A recent report from the National Association of Manufacturers noted that, “Today’s manufacturing company is a major source of high-tech innovation, wealth creation and exciting, varied opportunity.” At the same time, the survey conducted for the report found that almost 60% of respondents ranked workforce issues as the most serious challenge facing business today.

Workforce skills are a key component of an innovation-focused strategy. Although many innovations begin in research, others originate on the shop floor. And even when the underlying ideas stem from research, effective implementation depends on workers who can translate those ideas into practice. Pennsylvania’s overall manufacturing strategy thus depends on workforce excellence at all levels, from factory floor, to research laboratory to the Board Room.

Across the Commonwealth, manufacturers, associations, local workforce investment boards, and labor unions have identified incumbent worker training as the most immediate and critical workforce development need. The Incumbent Worker Training initiative is intended to begin to address that need and to promote strategic collaborations to meet the needs of the specific clusters of manufacturers, particularly the critical sub-clusters as identified in studies conducted by Deloitte Consulting and the Center for Workforce Information and Analysis. The clusters are as follows:

- Bio-Medical, Pharmaceuticals and Medical Equipment
- Chemical, Rubber and Plastics
- Electronics
- Metals and Metal Fabrication
- Printing
- Food Processing
- Lumber, Wood and Paper

The objective of the Incumbent Worker Training Fund Initiative is to align training and education to support innovation strategies in manufacturing that enhance Pennsylvanians competitive advantage, while strengthening the career infrastructure for a revitalized Pennsylvania manufacturing sector.

Section 2 – Program Design

Incumbent worker training funds will be awarded to Industry Partnerships made up of a consortium of employer representatives, and, where possible, employee associations and/or representatives of the workforce. The Partnerships should include at least four employers in an industry cluster defined above in which the businesses share common product markets, workforce needs, and technology. Industry Partnerships are an effective way of reaching more manufacturers, aggregating demand for training, and ensuring that the training and education delivered meets the needs of both employers and workers, particularly for small firms without human resource professionals on staff or access to training support. In some cases, OEMs can serve as anchors for the partnerships, strengthening their supplier base in the Commonwealth by sharing best practices and production methods that will enhance product quality and productivity.

To qualify for awards, Industry Partnerships should:

- Consist of multiple employers and employee representatives in one of the industry clusters listed above. Firms may be linked by similar markets, labor pools, technologies, and/or through supply chain
- Understand the skill needs of business and industry in their region and targeted industry cluster
- Understand the career ladders within and between firms in their targeted cluster
- Understand the business and innovation strategies necessary to make the industry cluster more competitive and have a developed action plan to implement competitive and innovation-based strategies.

Section 3 - Eligible Applicants

Entities serving as Industry Partnerships, or regional workforce intermediaries, in the manufacturing sector may apply for incumbent worker training funds. The Partnerships must consist predominantly of employers and employees or employee representatives. The lead applicant will serve as the fiscal recipient of funds and should have a leadership role in developing or maintaining the cluster through ongoing interaction with the businesses and employee representatives.

To ensure collaboration and alignment with other regional manufacturing initiatives, Local Workforce Investment Boards (WIBs) and Industrial Resource Centers (IRCs) must be represented in the Industry Partnerships.

The following entities are eligible to serve as lead applicants as long as the above conditions are met:

- Regional Workforce Investment Boards
- Industrial Resource Centers
- Ben Franklin Technology Partners
- Industrial Development Authorities and Corporations
- Non-profit organizations or associations serving as regional or local workforce intermediaries
- Business Consortium
- Organized Labor, particularly where a labor-management agreement is in place.

Section 4 - Program Goals

The long-term goal for this initiative is to create an infrastructure that will provide training and education that enhance the skills of the current workforce, raising the earnings of workers and the revenues of businesses by increasing productivity and quality production in Pennsylvania manufacturing. To achieve this goal, the Manufacturing Sector Incumbent Worker Training Program has the following objectives that ***must*** be addressed in the application:

- Address specific industry cluster challenges based on a demonstrated knowledge of the industry and the trends impacting it. Applications should describe how the training funds will be linked to an overall strategy intended to enhance the competitiveness of the sector and participating manufacturers.
- Identify skill gaps within the targeted cluster, the filling of which will lead to enhanced productivity, product development, process improvements, and/or output quality, as well as improved business revenues and worker earnings.
- Align training and education with potential career ladders and advancement opportunities for the workforce, particularly in occupations in high demand by employers. Where possible, training should provide portable, transferable skills to employees and focus on industry-recognized credentials and accreditations.

Preference will be given to projects that meet the following additional criteria:

- Utilize existing community resources to support the initiative. Community resources might include, but are not limited to, local workforce and economic dollars, investments by participating manufacturers and labor unions, private foundations, or in-kind contributions from educational entities.

- Build on existing initiatives or work, including existing Partnerships, employer/employee consortia.
- Demonstrate a clear link between an innovation-focused business strategy and the proposed training and education.
- Strengthen regional coordination between WIBs, Economic Development and Educational Partners.
- Provide private sector match for training that may take the form of paid release time for workers to participate in training, contributions of equipment and training personnel, tuition reimbursement, or funds from private sector training funds.
- Deliver training that combines aptitude and interest assessment, case management, and career development planning.
- Demonstrate a credible strategy for reaching small and midsize manufacturers.
- Offer education/training on-site or in classrooms that provides credits or credentials linked to institutions of higher learning.
- Use Community Colleges as primary training provider in regions where such services exist.
- Disseminate best practices in human resource management to assist firms with retention strategies.
- Strengthen relationships between OEMs and Pennsylvania suppliers.
- Provide training interventions of sufficient intensity to have beneficial effects on wages, career advancement, and/or identified firm goals.
- Demonstrate regional collaboration that serves to strengthen the ability of the project to better match labor market demands.

Section 5 - Disallowable Costs and Activities

Although the proposed training plan may contain some of these elements, the grant award cannot be used to pay for the costs associated with items below. However, additional partnering agencies and programs may be available to assist with provision of some of elements related to a comprehensive training plan or business strategy.

- Basic skills and literacy training
- Development of curriculum and/or articulation agreements
- Proprietary training owned by a single business
- Occupational health and safety training
- Training provided by lead applicant
- Equipment or building construction
- Funds cannot be used to reduce the workforce or displace workers
- Projects cannot violate any conditions of a collective bargaining agreement
- A maximum of 10% of funds can be used to support and sustain regional organizing of the cluster-specific Industry Partnership. No funds are available to support administrative costs of existing entities.

The Department of Education, Bureau of Adult Basic Education and Literacy, is a cooperating agency in this program. Applicants selected for this project may be eligible for in-kind work-based literacy services.

Section 6 - Application Content

The intent of this Incumbent Worker Training Program is to encourage initiatives that are tailored to meet the needs of an industry cluster and its workforce.

Applications should be no more than 10 pages. This page count does not include the project budget, time line, organizational qualifications, staff resumes, or other information appropriate for the appendix.

- 1. Abstract and Project Goals (2 pages)** – a one page summary of the main features of the application and an outline or chart that describes key project goals and the objectives that will be undertaken to meet these goals.
- 2. Needs Statement and Business Strategy (description of cluster, its business strategy, and its skill gaps)** – a succinct summary of the targeted industry cluster, its overall business needs, and training needs. This section should demonstrate an understanding of the competitive challenges of the cluster, the business strategy necessary to meet those challenges, and the role of workforce development in the overall strategy for competitive repositioning.
- 3. Description of regional partnership** – This section should include descriptions on the following:
 - The mission and goals of the regional partnership
 - The partners currently participating
 - Other employers, worker representatives or other stakeholders that will be recruited into the partnership
 - Any history of previous activities undertaken by the partnership
 - How the partnership currently operates (organizational structure, frequency of meetings, decision making, etc.)
 - The governance structure envisioned for the partnership (i.e., what individuals and organizations will control it)
 - Project management - If a project manager has been selected, please provide a resume for that individual. If a project manager is to be hired, please provide a draft job description for the position

- 4. Project Design** – Projects must demonstrate an understanding of employer demand and the necessary education and training to better meet that demand.

This section should briefly describe key elements of the project design and how these elements respond to employers’ and workers’ needs as well as the demands of the workplace. Depending on the proposed project, this description may include the following:

- How firms are recruited and selected for training efforts
- How workers are recruited and selected for training
- Any worker skill assessment to determine training needs for firms and individuals within those firms
- Type(s) of training to be provided
- How training will be delivered
- Any activities supporting firms to plan for, support, and/or build upon training efforts
- Any activities supporting individuals in completing, utilizing, and/or building upon the training being provided.
- Description of alignment of existing workforce training and education programs

- 5. Projected Outcomes** – Describe the planned quantitative and qualitative outcomes of this project, how these outcomes will meet longer terms goals, and how these outcomes will be measured. This section should clearly state that the applicant will provide data for Appendix A, and address any additional outcomes expected from the project.

Appendices

- **Appendix A - Evaluation:** Applications must include a statement that applicants are willing to collect participant data, including the information on the attached data sheet. An additional statement should indicate that the lead applicant is willing to participate in a third-party evaluation by providing data and access for interviews, and by participating in networking with other partnerships. (The evaluation process will be designed in collaboration with grantees to ensure that it does not impose an unreasonable burden on participating firms and to maximize opportunities for learning that benefit partnership members and all Pennsylvania manufacturers and their workers.) Grantees may also be invited to serve as part of state and national learning collaboratives on innovation and sector-based workforce development. Reference attachment - 1)
- **Appendix B - Time Line** - This section should also include a timeline for the program design and training delivery. (Reference attachment – 2)

- **Appendix C - Additional supporting documents:** Resume and job descriptions, spreadsheets and proposed detailed training plan should be included in this section.
- **Appendix D - Sustainability Plan.** Up to 5 bonus points will be awarded to Partnerships that provide a sustainability plan for the regional Industry Partnership and training aligned with industry demand.
- **Appendix E: Budget form.** The budget should also include a narrative that provides additional information on costs and indicates how the funding is tied to program design and goals. This section should include information on any other sources of matching funds that will be used to support this effort. (Reference Attachment - 3)

Award Information

Training Projects will be submitted to the Commonwealth for competitive review. A multi-agency team will review each project. Applications will be accepted for review and funding consideration starting September 22th. A first round of reviews will begin on October 30th. The Incumbent Worker Training Initiative will be subject to fund limitations, but applications will be accepted on an ongoing basis. The total level of funding is \$5 million dollars. The maximum for any one grant is \$400,000. The funding period for the grant is two years, with additional funding potentially awarded in subsequent years for promising initiatives.

The entity that is selected to administer the grant will be responsible for all project reporting and contract management requirements.

Applications will be rated on a 100-point scale based on the following criteria. *(An additional 5 bonus points will be awarded to Partnerships that provide a sustainability plan.)* The scoring criteria is as follows:

- Demonstrate that the training plans are based upon knowledge of the industry cluster (sub clusters). Training plans must be linked to an overall strategy that is designed to enhance the competitive position of the sector and participating manufacturers. Training plans must identify the business and innovation strategy for the cluster and the way in which the training program supports that strategy and clearly indicate business demand for training and education. Skill gaps within the cluster should also be identified, along with potential career ladders. (Maximum points: 30)
- Strength of the regional partnership, including employer and employee (or employee representation) participation, enhanced coordination between businesses, WIBs, IRCs, regional economic development organizations, organized labor and associations, and history of activities undertaken by the partnership. In addition, applications will be judged by the degree to which projects align and leverage resources and services to enhance the competitive position of the participating manufacturers. (Maximum points: 25)

- Strength of project design. Project design should support the identified business and innovation strategy and clearly demonstrate an effective and timely training strategy. Applications will be judged based on the degree to which the expected outcomes improve overall business competitiveness, increase businesses' revenues and worker earnings. Projects may also offer educational/training that provides credits or industry recognized credentials. Where possible, links to Pennsylvania's institutions of higher learning and community colleges should be demonstrated. (Maximum Points: 30)
- Budget is reasonable and effectively tied to project goals with evidence of leveraging additional resources, and lead agency agrees to participate in evaluation. (Maximum points: 15)
- Bonus points will be awarded to partnerships that provide a sustainability plan for the regional industry partnership and training aligned with industry demand. (Maximum- 5 bonus points.)
- Submit applications to:

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Attachment – 1

Quantitative Measures Record

Reporting Document

(to be completed by each participating company)

Company Name:	Address:
Employer FEIN: (Federal Employer Id Number)	Phone:
Industry Code: (North American Industry Classification Code)	Fax:
	E-Mail:

Training Participant: (required for each individual training participant)	Social Security Number:
Training Start Date:	Training Completion Date:
Training Description: (describe briefly)	
Certificate obtained upon completion: (circle one) Yes No	Date Obtained:
Credential obtained upon completion: (circle one) Yes No	Date Obtained:

Attachment 2 – Sample Time Line - This section should include a timeline for all aspects of the project, with particular emphasis on program design and training delivery. The sample timeline table below should be modified to fit your project.

	Outline of Process	Duration	Start Date	Finish Date
Creating a program foundation				
	Identifying the partnership			
	Recruiting additional stakeholders			
	Selecting a program			
	Hiring project manager			
Program Design				
	Recruiting and selecting firms			
	Assessing training needs			
	Selecting training to be delivered			
	Aligning the resources of existing training systems			
	Designing curriculum			
	Designing assessments			
Program Support				
	Identify and implement support activities			
	Define process for recruiting and selecting training participants			
	Define measures of program success			
Training Delivery				
	Locate facilities			
	Schedule training			
	Recruit and select participants			
	Deliver training			
	Assess training outcomes			
	Define next step activities			

Attachment – 3 Budget Summary				
Budget Categories		FY 04-05 L&I Budget Request	Matching Funds*	Total
<i>Administration**</i>				
Program Manager				
	<i>Salary</i>			
	<i>Benefits</i>			
	<i>Travel</i>			
	Subtotal			
Operating Costs				
	Subtotal			
Other***				
	<i>Office Supplies/Postage</i>			
	<i>Miscellaneous costs</i>			
	Subtotal			

<i>Training Costs</i>				
	<i>Materials</i>			
	<i>Training Materials (Equipment is not eligible expense)</i>			
	<i>Instructors (In-house “Company Trainers”)</i>			
	<i>Contracted Instructional Services (Lists all contracted providers)</i>			
	<i>Other Costs (Provide Detail)</i>			
	Subtotal			
Total				

*Please provide sources of matching funds on a separate sheet

**Not to exceed 10% of the total request

***Additional Budget Categories can be added as appropriate