

9 Steps to Revitalize America's Manufacturing Communities

Action 4: Foster Sector Partnerships

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Rationale

In a dynamic, global, knowledge-based economy, manufacturers and workers need a stronger sectoral skills development infrastructure. Without that, small- and medium-sized manufacturers struggle to attract good young workers. Training and education programs disconnected from industry also fail to deliver the soft and technical skills manufacturers seek or the opportunities job seekers want. Too often, when U.S. manufacturers can't find the workers they want, they choose lower-wage, lower-skill paths to profitability.

In response, regions and states have invested in sector partnerships. These partnerships bring together multiple employers with overlapping skill needs, in some cases jointly with their unions. Partnerships aggregate employer demand, identify common skill gaps, and make it possible for job seekers and workers to fill them. Sector partnerships can cost effectively deliver training that meets industry needs, develop curricula and credentials, and strengthen career pathways within and across firms. Partnerships can also identify and spread—including through peer learning—organizational and human resource practices that achieve high performance for employers, increase hiring and fair

treatment of employment of underrepresented groups, and lead more employers to pay better and invest more in training on and off the job.

High-quality research documents positive outcomes of sector partnerships for workers across race, ethnicity, and gender lines.¹ The 2014 federal Workforce Innovation and Opportunity Act (WIOA) requires policy and funding in states to support sector partnerships.²

Key Actions

- States should seek to stabilize and scale up public-private joint investment in industry-led and worker-centered manufacturing sector partnerships.³ States can appropriate general funds, and many have flexible state training funds financed by small contributions from employers. Combining flexible state funds with funding for specific groups of workers (e.g. from WIOA, Temporary Assistance for Needy Families, transportation funds, corrections, Supplemental Nutrition Assistance Program employment and training, etc.), and aligning K-12 and community college training with employer needs can further grow available resources for

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sector partnerships. Private sector match for public funds is crucial for sustaining and scaling up sector partnerships.

- States should create training and peer learning opportunities for sector partnership staff and employer and labor representatives. Such learning opportunities can increase partnership capacity to promote improvements in management and organizational practices that have the biggest productivity, profitability, and job quality payoff.⁴
- States should require sector partnerships to use WIOA reporting requirements regarding repeat business, earnings, and industry-recognized credentials, and to report earnings and credentials for sub-populations, such as by race, ethnicity, and gender.⁵

Issues to Remember

- Improving job quality, company performance (productivity etc.), and employment equity should be criteria for distributing funds to and evaluating manufacturing sector partnerships. Currently, most state sector partnership policy (and funding, where states provide it) is about closing skill gaps for employers and increasing access to good jobs and career paths for job seekers and workers—but it also needs to be about upgrading employer policies and practices.⁶
- In addition to upgrading employer policies and practices, sector partnerships can be effective in changing public policy and institutional practices.⁶⁷ States should also evaluate strategies sector partnerships pursue for making these changes, as well as the results they obtain.

Recent Progress

- In rural South Carolina, auto manufacturing employment is growing and the labor market is tight.

Orangeburg–Calhoun Technical College president Walt Tobin has convened local manufacturing plant managers since 2017 for quarterly discussions on how to be employers of choice. Concludes Tobin, “With the right training and preparation, local workers can fill these high-skill jobs. But to attract and retain workers, employers need to demonstrate they are creating good jobs with good working conditions.”⁸

- Pennsylvania’s 2016 WIOA plan outlines a comprehensive sector partnership performance management and continuous improvement system, including capacity building for partnerships, and competitive grants to multiple industry partnerships in a specific cluster (e.g., advanced manufacturing) that agree jointly to develop and use sector-specific benchmarking tools that track the impact of strategic workforce investments on employer outcomes. Outcomes might include turnover in long-term care, scrap rates, and uptime in manufacturing). These tools would be another way to encourage sector partnerships to tackle higher-order organizational improvement issues with a potential to increase the return on investment.⁹

Model Program

- Pennsylvania began funding industry partnerships (IPs) in 2004 and has since provided annual appropriations of state funds of as much as \$20 million (and to as many as seventy partnerships) annually. The Pennsylvania IP program was put into statute in Act 67 of 2011.¹⁰ As a complement to its IP program, Pennsylvania in the 2000s established a statewide sector partnership, the Center for Advanced Manufacturing Careers. This served as a vehicle for research, policy development, identification of best practices, and manufacturing-specific peer learning among, at one point, the state’s fourteen regional manufacturing sector partnerships.

- In Maryland, legislation passed in 2013 established the Employment Advancement Right Now (EARN) Maryland program.¹¹ The statute provides for grants to sector partnerships, and gives priority to ones that “maximize the potential of the collaboration through direct financial or in-kind contributions by members of the target industry.” By statute, a yearly state report on EARN Maryland requires information from grant-funded sector partnerships on the number of participants, their sex, race, national origin, income, county of residence, and educational attainment, and the number who have obtained a credential or an identifiable skill, a new employment position, a title promotion, or a wage promotion. Fifty-nine sector partnerships are currently funded with state dollars, including three in manufacturing, and more will be funded in 2018. By April 2018, 850 employers had participated in the program, more than 2,300 Marylanders had obtained employment because of it, and an estimated 4,400 incumbent workers had advanced their skills. For every dollar spent on EARN Maryland, the state’s return on investment is nearly \$19.¹²

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Notes

¹ “What Works in Job Training,” U.S. Departments of Labor, Commerce, Education, and Health and Human Services, July, 2014; see especially page 10 and the references therein, available at <https://www.dol.gov/asp/evaluation/jdt/jdt.pdf>. See also Mark Elliot and Anne Rader, “Escalating Gains: Project QUEST’s Sectoral Strategy Pays Off,” Economic Mobility Corporation, April, 2017, <https://economicmobilitycorp.org/escalating-gains-project-quests-sectoral-strategy-pays-off/>

² “Public Law 113-128,” (Workforce Innovation and Opportunity Act), U.S. Government Printing Office, Washington, D.C. See requirements for state funding of sector partnerships, Section 134 (a) (3) A (i), and requirements for local workforce board funding, Section 134 (a) (3) (c) (1) (v), available at <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/html/PLAW-113publ128.htm>.

³ Sheila Maguire et al, “Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study,” Public/Private Ventures, 2010, available at <https://clear.dol.gov/study/tuning-local-labor-markets-findings-sectoral-employment-impact-study-maguire-et-al-2010>.

⁴ “Effectiveness in Serving Employers Specs,” U.S. Department of Labor, April, 2016, <https://www.doleta.gov/performance/pfdocs/Effectiveness%20in%20Serving%20Employers%20Specs%20-%204.20.2016%20FINAL.pdf>.

⁵ “WIOA Annual Reporting Requirements,” U.S. Department of Labor, December 4, 2017, https://www.doleta.gov/performance/pfdocs/ETA_9169_12.4.2017.pdf.

- 6** “WIOA Annual Reporting Requirements,” U.S. Department of Labor, December 4, 2017, https://www.doleta.gov/performance/pfdocs/ETA_9169_12.4.2017.pdf.
- 7** Maureen Conway and Robert P Giloth, “Connecting People to Work.” Aspen Institute, June 24, 2014. See pages 7, 8, 164, and 259. <https://www.aspeninstitute.org/publications/connecting-people-work/>
- 8** Recent grant guidelines and annual reports for Pennsylvania Next Generation Industry Partnerships can be found online at “Pennsylvania’s Next Generation Industry Partnerships,” Pennsylvania Department of Labor and Industry, <http://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx>.
- 9** “Workforce Innovation and Opportunity (WIOA) Combined State Plan,” Pennsylvania Department of Labor and Industry, June 16, 2016, 337–339, <https://www.dli.pa.gov/Businesses/Workforce-Development/Documents/Pennsylvania%20WIOA%20Combined%20State%20Plan%20-%20As%20Substantially%20Approved.pdf>.
- 10** Act 67 can be found online at <http://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx>. Recent grant guidelines and annual reports for Pennsylvania Industry Partnerships can be found online at <http://www.dli.pa.gov/Businesses/Workforce-Development/Pages/Industry-Partnerships.aspx>.
- 11** Statutes – Article: Labor and Employment,” General Assembly of Maryland, section 11, 701–710.
- 12** “State Announces Request for Proposals for EARN Maryland,” Maryland Department of Labor, Licensing, and Regulation, April, 2018, <http://www.dlir.state.md.us/whatsnews/earnspring.shtml.