

A Workforce Development Agenda for Pennsylvania's Next Governor: Building the Infrastructure of a Learning Economy

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1. EXECUTIVE SUMMARY

Employment and training programs in Pennsylvania and the United States have been criticized for their perceived failure to improve job opportunities for workers or address skill needs of employers, with some calling workforce programs a waste of money.

This report, commissioned by Governor Schweiker, takes a different view. Based on interviews with 50 workforce policymakers and practitioners, the report concludes that a well-functioning learning and career infrastructure is pivotal to future competitiveness and economic opportunity in Pennsylvania. (By learning and career infrastructure we mean institutions and networks that span multiple employers and educational providers, enabling workers to acquire work-relevant knowledge, gain economic security, and advance.)

The needed learning and career infrastructure will not emerge automatically via the magic of the market any more than did the infrastructures that fueled growth in the “old economy” – a reliable telecommunications and utility infrastructure, the interstate highway system, a stable financial system. In the knowledge-based economy of the future, the regions that build the most effective learning infrastructures will enjoy the highest living standards and the best quality of life. Regions that invest too little or ineffectively will see their economic position deteriorate.

Pennsylvania’s workforce development system does need a major reinvention. This reinvention will involve shifting away from fragmented programs targeted at particular groups of workers. It will include government playing a more strategic and catalytic “system building” role — identifying opportunities for collaboration that can make the workforce system that serves workers and employers generally more efficient and effective.

Our interviews reveal that, during the past four years, spurred by the need to implement the 1998 federal Workforce Investment Act, the Pennsylvania workforce system has taken the first major steps towards reinvention.

- * *Many leading workforce practitioners have crossed a conceptual Rubicon: they now view the role of public workforce dollars in broad and systemic terms, not in terms of helping small numbers of disadvantaged or dislocated workers find new jobs. One practitioner suggested a government workforce role analogous to that of the Federal Reserve in financial markets, with public dollars used to make regional “human capital” markets function more efficiently. While years of hard work lie ahead translating this idea into practice, it is a huge step forward and provides a foundation for the workforce initiatives of Pennsylvania’s next Governor.*
- * *Leading Pennsylvania workforce regions are approaching a range of “second stage” challenges associated with operationalizing the idea of system building. In this stage the challenge is to use public dollars to identify institutional gaps in the human capital market and then encourage employers and other actors to come together to fill these gaps. Practitioners anticipate a major role to be played by partnerships (also called consortia or, more generically, intermediaries) linked with key industry clusters. A central role of these partnerships is to aggregate employer demand, and provide coordination and transparency in the labor market that is often lacking. Also pivotal, these partnerships can serve as incubators for the spread of best practice and the generation of new ideas. To the extent that more money is distributed in larger amounts to fewer “strategic” initiatives, a lot hangs on local ability to judge good from bad projects, and to withstand political pressures to fund the latter. State government leadership and peer learning among workforce practitioners must both play a key role in ensuring success in meeting these second-stage challenges and ensuring a good public return on workforce spending.*

- * *Some workforce regions in the state are well ahead of others.* As a result, in addition to helping leading WIBs take the next step, there is a need to provide technical assistance to organizations and regions that have struggled to implement new workforce policies.

The next four years will be pivotal in terms of whether government, including workforce development practitioners, can lead the building of a Pennsylvania skill-formation and career system second to none. With that in mind, this report offers the recommendations below to Pennsylvania's next Governor.

1. Build on the efforts of the Schweiker administration.
2. Encourage local WIBs to draw their employer and labor members from leading industry training partnerships.
3. Promote collaboration and teamwork on workforce issues among state Departments including by establishing an interagency "high road" workforce and economic development team in the new Administration; housing the staff for the State Workforce Investment Board (SWIB) within the Governor's Policy Office; and requiring all Departments to allow SWIB to review their workforce program strategic plans and annual budgets.
4. Promote professional development and the spread of best practice to help WIBs and Career Link staff reinvent their role in workforce development.
5. Fund a labor workforce development institute that will build the capacity of labor unions and worker associations to strengthen the Pennsylvania workforce development system.
6. Seek matching foundation funds to create a Pennsylvania Network of Sector Practitioners (PNSP) modeled on the National Network of Sector Practitioners.
7. Launch the "give back a week" program whereby business leaders and top operations manager would commit 40 hours in a year to collaborating with the strengthening of the learning infrastructure on which their companies depend.
8. Shift workforce dollars toward a new "Growing Faster" initiative that would seed-fund and strengthen high road training partnerships linked with key industry or occupational clusters in regional economies. Rather than requiring new state dollars, Growing Faster could be done through an expansion of the state's Critical Job Training program, creatively mixing state and federal dollars and supplementing them with foundation support. The overall pool should have enough flexibility that dollars are available not only for training but also for the pivotal task of building employer (and where relevant, union) commitment to new partnerships. Growing Faster should include funds to support:
 - * Regional high road manufacturing training partnerships that serve as one component of the Agenda to Revitalize Manufacturing (ARM) that Governor-elect Rendell outlined in his campaign;
 - * A technical and information worker initiative that builds on the learning and career networking that already take place within the occupational communities to which such workers belong;
 - * New school-to-career programs linked with construction apprenticeship programs and with new apprenticeships in technical and information occupations;
 - * Partnerships to promote good jobs and good care in long-term care, early education and child care, and mental health-mental retardation services;
 - * Regional "magnet hospital" partnerships that improve organizational practice, jobs, careers, care quality, and cost-effectiveness within Pennsylvania's acute care industry.
9. Consider the potential of funding workforce development using the unemployment insurance system or tax credits for employer contributions to qualifying industry-linked training partnerships.

2. INTRODUCTION

Workforce development is now widely recognized as critical to the future of Pennsylvania's economy. Unfortunately, it is also widely perceived that, with only a few exceptions, most workforce development programs have had very limited impact.¹ Typically these programs have touched only a small portion of the labor market, primarily helping disadvantaged or dislocated workers gain entry-level jobs while only rarely launching them on long-term career paths or providing the skilled workers that strategic employers in key sectors of the economy need. Workforce programs have also been highly fragmented, and while they have been justified based on improving some individuals' employment prospects, they have been largely divorced from economic development initiatives and contributed little to economic growth.

The urgent need to improve workforce development programs is underscored by the economic changes Pennsylvania is facing. With the growth of more knowledge-intensive industries and skills more pivotal to competitiveness even in traditional industries (e.g., manufacturing, construction, distribution), the quality of the workforce becomes a critical factor in promoting economic development.

Fortunately, in recent years, workforce development practitioners and policy-makers in Pennsylvania have made major strides to improve the quality of employment training programs in the state. Stimulated by a restructuring mandated by the passage of the Federal Workforce Investment Act (WIA), since 1998 Pennsylvania has embarked on a major process aimed at improving the provision of training, placement, and career development services. With support from the Ridge and Schweiker Administrations, the State government has begun to promote increased coordination among the various programs, and tried to link economic development and employment training more effectively. Leaders at a local level throughout the state have been on the front lines of efforts to create more effective systems that help generate more and better jobs in the state.

This report is an evaluation of efforts to improve the workforce development "system" in the state. It has three goals. First to provide some assessment of the current state of affairs. Second, to identify key areas where more strategic approaches could be pursued. Third, to provide a set of specific recommendations to Pennsylvania's next governor.

3. BACKGROUND

The U.S. and Pennsylvania economies have changed radically since the 1960s and 1970s. The major forces of change in the economy, the major forces of change have been increased international trade and investment, deregulation (in telecommunications, trucking, airlines, banking, insurance, and now utilities), and the shift to service industries, in which work sites (a store, an office, a nursing home, a cleaning service franchise) are often very small. As a result of these forces, individual employers now play a diminished role in developing skills and providing workers with job security and a “one-company” career path. Skills, however, have become more important to achieving high levels of economic performance in virtually every sector. And workers’ desire for good jobs and careers has never been higher, driven by rising education levels and by women’s increased job aspirations.

These changes have created three main problems.

- * *Firms have faced increasing shortages of skills*, both at the entry-level and in many higher-level occupations.
- * *The performance of the Pennsylvania economy, and the rate at which living standards rise, have been held down* in part due to unmet skill needs.
- * Despite a long economic boom and recent sharp productivity gains, *many workers still perceive economic security and opportunity to be elusive*. For example, in December 27, 1999 – the peak of the expansion — *Business Week* unveiled the stunning results of a Louis Harris poll of the American people (under the headline, “Hey, what about us?”²).
 - * 75 percent of Americans believed that the benefits of the “new economy” had been distributed unevenly.
 - * 69 percent believed that business was doing a poor or fair job of raising living standards.
 - * 79 percent agreed that a productivity boom was occurring in the American economy, but only 34 percent agreed that it was increasing their incomes, and only 30 percent that it had enhanced their job security.
 - * Only 53 percent saw the boom as making their lives better.

These problems persist in part because our employment, training, and career structures have not kept pace with the shifts in our economy, leaving worker, employer, and community needs unmet. One dimension of this failure is the fact that Pennsylvania (and U.S.) workforce programs have not yet been “reinvented” to fit the circumstances of the 21st Century.

Many federal employment and training programs arose (beginning with the 1962 Manpower Development and Training Act) to help workers left out of the broadly shared prosperity of the 1950s to 1970s. Programs to assist groups facing difficult labor market circumstances — band aids on the bleeding of the old, manufacturing-based economy — proliferated over time. Today, workforce development encompasses job training for disadvantaged and dislocated workers, including groups displaced by specific federal trade agreements (such as the North American Free Trade Agreement) or other federal actions (e.g., the Clean Air Act); job matching and career support to workers generally; work-related education, especially secondary and postsecondary vocational education; school-to-career programs; welfare employment programs; apprenticeship; adult education and workplace literacy; and vocational rehabilitation services. A study by the General Accounting Office of just Federally-funded employment and training programs found a total of 163 programs, spending \$20.4 billion in 1995 (U.S. General Accounting Office 1994). The result is hardly a cohesive workforce development system, but rather “a non-system with a bewildering variety of purposes, services, and funding” (Grubb 1996).

The changes in the workforce development system over the past five years represent a first step towards bringing policy up-to-date with the needs of workers, firms, and the nation in the 21st century. In 1998, the U.S. Congress passed the Workforce Investment Act (WIA). While WIA stopped well short of a full integration of workforce programs, it did establish a system of One-Stop centers (called Team Pennsylvania Career Links in Pennsylvania) that would coordinate delivery of a range of workforce development services and activities with the intent of making them easier to access and more effective for both employers and workers. The law also mandated a three-tier system of core, intensive, and training services. Core services such as outreach and intake and access to labor market information are available to the general public. Intensive services include specialized assessments, development of employment plans, counseling, and case management. Training services include occupational skills training, on-the-job training, programs that provide workplace training with related instruction, adult education and literacy in conjunction with other training, and customized training. These training services are intended to be delivered using Individual Training Accounts (ITA). Trainees choose a training option from a list of eligible programs and then use the ITA to cover the cost of the training.

Perhaps the most critical part of the new law, however, was the creation of both state and local Workforce Investment Boards that have the responsibility for setting policy and funding guidelines and providing oversight of programs. The explicit goal of the Act, which was further reinforced by Pennsylvania's process of implementation, was for WIBs to get out of the business of actually delivering workforce development services. These services would be primarily undertaken by the One Stops, freeing up the WIBs to play a more strategic role in promoting workforce development in their areas of jurisdiction.

It is important to recognize that employment and training programs administered through Workforce Investment Boards constitute only a minority of all workforce development funds in Pennsylvania. For example, in examining the workforce development programs of five major state agencies, the state identifies 47 separate programs totaling more than \$1.3 billion in budget allocations for FY 2001-02, of which funds directly administered by Title 1 of the Workforce Investment Act (Adult, Dislocated, and Youth Programs) account for only \$108 million (Center for Workforce Information and Analysis, 2002). In theory, WIBs could oversee workforce planning that influences the distribution of all regional workforce dollars. The lack of authority over non-WIA funds, however, makes this more difficult.

The findings in this report are based on nearly 50 interviews with workforce development practitioners and policymakers throughout the state, including:

- * seven leading state-level workforce development policymakers;
- * eight local policymakers, including four local government officials;
- * 12 local workforce practitioners, most of them WIB Executive Directors, disproportionately representing areas thought to be ahead of the curve;
- * 20 representatives of workforce service providers or "intermediaries" who coordinate the delivery of services to meet the needs of groups of employers.

Our focus was on two central issues. First was understanding how different regions of the state have been handling the implementation of the Workforce Investment Act, and particularly understanding the opportunities and challenges Workforce Investment Boards face in trying to play a more strategic role in improving workforce development programs in their service areas. Our second major focus was on lessons learned from trying to build industry partnerships, in which employers come together, in some cases with unions, to get training and other human capital needs met. In addition to the interviews, each of which lasted for 1-2 hours, we conducted a review of relevant program materials.

4. IN THEIR OWN WORDS: OBSERVATIONS FROM FIELD INTERVIEWS

Second-Chance Systems Toward Strategic Interventions

“What do we [the WIB] do? We think. Here is an issue. Think about it.”

One of the central goals of WIA was to create a system of labor market information and services that would be relevant for the entire labor market, expanding beyond disadvantaged workers to meet the needs of skilled workers, while also providing valuable services to employers in middle and upper levels of the labor market. In striving for this goal, WIBs in Pennsylvania have made important though uneven progress.

For a considerable transition period, the implementation of WIA in Pennsylvania generated considerable confusion in local areas. To meet the requirements of the new law, each area had to establish a “firewall” dividing policy responsibility (ordinarily including board functions and planning, evaluation and oversight, and fiscal functions) from service delivery (core and intensive services, individual training accounts, and other contracted services). WIBs also had to file operating and strategic plans and, in some cases, engage in drawn out negotiations with the state regarding the geographical boundaries of their new region. (While Pennsylvania had 29 Service Delivery Areas under the Job Training Partnership Act (JTPA), it has only 23 Workforce Investment Areas, with two of these (the city of Pittsburgh and Allegheny County) served by a single WIB.)

One local workforce policymaker maintained that “The best WIBs took at least two years to even start making the transition...It was over a year just dealing with structural issues – what type of firewall do we need between service delivery and policy? [One nearby WIB] designed over six different structures and spent months negotiating which one of these might be acceptable.”

After a transition period, however, many WIBs have embraced a redefinition of their role. Instead of operating a second-chance system for jobless adults and youth, leading WIBs see themselves as overseeing an effort to create a coherent workforce system. Doing this requires convening key players, understanding the regional economy and the best opportunities to promote economic and workforce development, and catalyzing public-private and private-private action to address key skill needs or related workforce challenges.

According to Ed McCann, Executive Director of the Berks County WIB, we “concentrate on larger strategic issues rather than try to micromanage programs on a daily basis.” Scott Sheely, in neighboring Lancaster, says: “A lot of what I have been involved in over the last year-and-a-half is realigning the system, bringing in new elements, filling gaps, making connections, getting broader in the way we conceive of what we do and making contacts with other community systems.”

Issues labeled as strategic by interviewees include: the need to identify and meet workforce needs in key industry clusters; the existence of shortages of workers with two-year technical degrees combined with “brain drain” among young people who might be reoriented to these skill gaps; high turnover in entry-level health care occupations (raising the question of how workforce retention might be improved); enhancing the capacity of local community colleges to meet a “constant necessity for retraining;” high high-school dropout rates; and private sector engagement that attunes K-12 students to the career opportunities in the local economy.”

As the list above indicates, the attempt to become more strategic has gone along with a shift to focus on the demand side of the labor market and the needs of employers. Sheely maintains that “the system always conceived itself as having only one customer – the job seeker...But you had programs training people for jobs that didn’t exist. We said for the job seeker to be successful we have to have successful industries that are growing better jobs.” A Western WIB Executive Director echoes this view: “If we meet the needs of employers, the job seekers’ needs are going to get satisfied.”

The focus at the strategic level also represents a dramatic departure from past practice. It represents a widespread recognition that public sector leadership will be necessary to make the labor market function well. One WIB Director drew an analogy between the role of the Federal Reserve System in making capital markets function well and the role of government in the future in workforce development: “Where do they intervene and back off in the financial markets? I think we should start thinking about that in the human capital market.”

The more strategic focus adopted by leading WIBs is *beginning* to develop the political will necessary to achieve public-private actions to solve endemic market failures in the labor market. This is a major step forward for an employment and training system seeking to escape the stigmas of the past and a history of little engagement with most workers and most employers.

- > *Splitting policy responsibility from direct service in WIA implementation seen as allowing WIBs to see the forest for the trees, and begin to reconceive their role.*

In implementing WIA the Commonwealth chose to take a hard line on the separation of policy and service responsibility. This decision stemmed partly from a desire to avoid a conflict of interest inherent in a WIB making policy and funding decisions while being one of several competing service providers. The separation also gives the WIB more credibility playing a brokering role among non-WIB service providers. The most basic benefit of the decision to create a “firewall” between service delivery and WIB’s policy role has been that WIBs and their staff now seem able to focus on the forest not the trees. According to a state policymaker involved in this decision, it ensured that WIB staff have a “broader focus.” He adds, “if you are running the program and staffing the Board, then it is tough to think beyond your program.”

McCann from Berks County acknowledges “My first reaction was that it was not a good idea [to split policy and service responsibility]. The more I think about it, it is a good idea and it would have been even better if they had drawn an even harder line. The difference is the one new element in this whole mix – WIBs have a broader, more strategic role than the old Private Industry Councils (PICs).”

Bill Brock, from the rural Central WIB Region, says “Some argued that it was a waste of money to separate [service delivery and policy]. Our feeling was that, without the separation, we can’t get on with the strategic agendas – the interaction with K-12, honing in on the needs of industry, developing partnerships.”

According to Mike Lawrence, North Central WIB Director, “When the Workforce Investment Act came in, I loved this legislation. I know my peers think I’ve lost my mind. It’s not perfect but we realized early on that this legislation is really about setting up a system and not running a program.”

According to Ron Painter, Director of the Three Rivers WIB: “The WIB is not a service provider. I respect the work the Career Link operators do. I can’t imagine them having the time to do what I do and do it well. I don’t have the time do what they do and do it well. Career Link is the retail outlet we are most visibly attached to. I am trying to build a system.”

One dissenting voice on the separation of policy and service delivery came from a rural area where the Private Industry Council (PIC) did not do much service delivery even under the Job Training Partnership Act (JTPA). For this WIB, the strict firewall is just another administrative burden.

> *WIA strategic planning requirements also helped some WIBs clarify their role.*

Another factor reinforcing a strategic reorientation, according to state officials, was the State WIB’s decision to separate the operational plan required under WIA from the strategic plan, and to delay the strategic plan due date for a year. According to Diane Bosak, formerly head of the staff to the State WIB, “Nobody took the step before Pennsylvania of requiring the local board to separate strategic plans.” The State WIB specified that local strategic plans analyze local labor market needs, map the training and financial resources available to meet workforce needs, and demonstrate business involvement. Some WIB plans were sent back for revisions because they lacked one or more of these features.

> *Some practitioners see a division between more and less innovative WIBs.*

Some of those interviewed perceive a split to exist between WIBs who have reoriented themselves and WIBs who retain a traditional perspective. According to one policy analyst at the state level who has extensive interaction with WIBs, “Some of the WIBs are still back in their JTPA days, passing money through, as opposed to taking on the bigger role of being the convenor and coordinator.”

To some degree, federal and state legislation continue to reinforce the traditional orientation. One WIB Director asks; “Are we really trying to develop a workforce system or are we still targeting funds to specific segments of our population?” Another says: “You still have an essential schizophrenia in federal policy on workforce issues. Is the primary goal to fill the higher-skilled workforce or to provide services to disadvantaged populations?”

Some rural areas may face an objectively harder challenge drawing employers into efforts to reorient strategically. They have fewer large and name-brand employers and, in addition, employers in any given industry tend to be more geographically dispersed. In some cases, rural areas still have relatively high unemployment and skill shortages are less pervasive and pressing, making employers less interested in gathering around the workforce table.

While local context is part of the explanation for some WIBs moving forward less quickly than others, peer support and guidance - especially from practitioners in other rural regions that are moving forward - should be able to diffuse effective approaches more broadly.

Linking Workforce Development with Economic Development and Key Industry Clusters

“We’ve got economic development that is still largely reactive, yet we are supposed to have workforce development that is pro-active. The two systems don’t match.”

“Clusters are old as an idea, but the idea of using clusters to structure workforce initiatives is new.” One of WIA’s major thrusts in Pennsylvania has been to require that workforce development link more effectively to employers and with economic development. The state required, for example, that regional economic development officials serve on every WIB. Several practitioners suggested that a workforce linkage to regional economic development makes sense because employers making location decisions increasingly weigh workforce quality. The Lehigh Valley WIB Director Nancy Dischinat says, “We were selling buildings and we were selling land. We’re not any more. We’re selling a package” that includes “what workforce we can provide for you. That’s a totally new concept.” McCann maintains that economic development officials “more and more have come to the opinion that the principle means a locality can distinguish itself from others is around the skills of the workforce, rather than tax rates, utility costs, sewer and capabilities, and all the rest.” A Southwestern Pennsylvania policymaker said “If we don’t create a viable workforce, it threatens our ability to compete as a nation and as a state.”

In a few Pennsylvania regions, a linkage between economic and workforce development reportedly has existed for some time. These regions include the Lehigh Valley and the Northwest Central region, the latter because the same office serves as both an economic and workforce development agency. In most areas, there has not been a link between workforce and economic development historically. One local policymaker suggested that this division is more difficult to bridge because economic development practitioners see top managers and professionals as pivotal to attracting employers but not the workforce below that level. A state policymaker said that economic development practice is itself “reactive” in many regions. On this view, economic development thus needs a more strategic orientation if it is to marry with reformed workforce approaches.

The most widespread new thrust in terms of linking workforce and economic development is to focus workforce development initiatives on key local industry clusters. “Industry clusters” can be defined in broad or narrow terms. The tendency so far in the Pennsylvania workforce community has been to define clusters in broad categories, such as health care and manufacturing. Some interest also exists, however, in identifying more specialized industries within which Pennsylvania economic regions may have very high concentrations (e.g., food processing in and to the north of Lancaster, wood furniture in the Northwest region). This might allow consideration of how workforce policy can maintain or further enhance these concentrations. In some economic development circles, cluster approaches have been combined with a focus on high-tech industries that account for only a small amount of employment. While high tech can be important, Harvard Business School Professor Michael Porter (2002) explicitly warns against focusing on it too exclusively. High tech has not been the initial orientation of cluster discussions in most Pennsylvania workforce development circles, although it has been the focus of cluster initiatives launched by the Department of Community and Economic Development (e.g., in advanced chip design and in nanotechnology).

Box 1.
Industry Clusters and “Agglomeration Economies” in Economic History

One Pennsylvania economic development practitioner pointed out that “clusters are old as an idea, but the idea of using clusters to structure workforce initiatives is new.” Economist Alfred Marshall over 100 years ago pointed to the “agglomeration economies” that result when large numbers of firms serving the same product market locate near one another. The existence of such a concentration can create a market for specialized resources – including suppliers and workforce providers – that other regions cannot sustain. Agglomeration can also accelerate learning and the rate of innovation as ideas spread quickly, in part via individuals changing employer (think of Silicon Valley with its permeable firm boundaries). MIT economists Michael Piore and Charles Sabel suggested in 1984 that “industrial districts” might enjoy new relevance in a global, technologically dynamic economy. Harvard Business School Professor Michael Porter (2002) has helped bring cluster analysis to Pennsylvania (and many other places) arguing that identifying and meeting the needs of key local clusters can “create” as well as strengthen competitive advantage. Herzenberg, Alic, and Wial (1998) have also emphasized the potential of industrywide training and career structures in a wide range of low-, middle-, and high-wage service industries and occupations.

Within the Pennsylvania workforce community, the Lancaster Workforce Investment Board piloted and helped diffuse cluster analysis as a tool for understanding regional economies and setting workforce development priorities. In addition, the state WIB strongly encourages local boards to use an industry clusters model. To help WIBs pursue cluster approaches, the Department of Labor and Industry has begun to collect detailed data within major clusters.

The Lancaster WIB began its cluster analysis with support from a U.S. Department of Labor “community audit” planning grant. Sometimes with technical assistance from Lancaster, other leading WIBs have also now undertaken cluster analysis and made clusters central to their strategic plan. For example, the Central region is focusing on health care, lumber and wood products, and diversified manufacturing. The Southwest Pennsylvania region has focused on five industry clusters – health care, financial services, manufacturing, information technology, and biotechnology.

In dialogue with leading WIB Directors, an emphasis on clusters is a recurring theme. Sheely states that, “in terms of workforce development, our policy now as a WIB is to drive toward those clusters. We are going to use workforce dollars in the future for less generic programming and more focused on the career ladders within the clusters.” According to McCann, a priority is “to start to look at data around industry clusters so that we could put together partnerships and consortia of industries to work on their problems longer term.” Painter maintains “If those [clusters] are our best potential, what are we doing to support the maintenance and growth in those industries? It has really helped us frame the work we do.”

In several areas, the most promising job opportunities consist of what have become known as “Gold Collar” or “No Collar” jobs — jobs accessible with a two-year degree and in which shortages exist and workers can make good, sometimes very good wages. These include technical jobs in a wide range of fields, not just in high tech per se.

When WIBs begin to focus on clusters, they do not necessarily need to invent new institutions that help groups of firms meet their most pressing skill needs. Dischinat notes “There are a lot of groups that have gotten together...All the logistics managers stick together. We just got a training program in logistics at the community colleges. We’re working with them on what their needs are...Groupings we used to call them before now.” In another example, today’s efforts to foster manufacturing cluster workforce coordination in Southwest Pennsylvania build on prior initiatives developed to assist manufacturers (Box 2).

Box 2.

Cluster Example: Manufacturing in Southwest Pennsylvania

One of the state’s most developed manufacturing workforce initiatives emerged in Southwest Pennsylvania beginning in 1993. At that time, workforce specialist Barry Maciak formed Worldclass Industrial Networks (WIN) to build industrial networks that could “take action” to help network companies. Duquesne University provided research and data support. Two community-based organizations partnered with WIN because they believed getting manufacturers together to identify and meet their needs would help maintain good neighborhood jobs. Maciak started his career as a welder and then worked as a community organizer on anti-poverty and community initiatives, including assisting unemployed steelworkers. In the 1980s, he helped establish a manufacturing extension program while employed by the Southwestern Pennsylvania Industrial Resource Center (SPIRC) (now Catalyst Connections).

WIN recognized that most manufacturers remaining in Southwest Pennsylvania are small, with less than 250 employees. Maciak says that, “WIN organized manufacturing companies the way you would a community. WIN would target the population through the Harris Directory [of manufacturers] and background research, and ID what sectors they were in, the industry, products produced. We would interview them and figure out their issues.” WIN targeted 60 of the most viable manufacturers in distressed communities that had lost lots of manufacturing. Thirty became active participants in monthly network meetings. The first common needs that surfaced included implementation of just-in-time manufacturing and cellular plant configurations.

By the mid-1990s, a shortage of skilled entry-level workers was throttling the growth of manufacturing in the region. In addition, the industry had a very poor workforce retention rate, holding onto only one out of five new hires. (A 2001 Duquesne survey estimated there to be 8,500 vacancies in manufacturing in Southwestern Pennsylvania.) With the help of a committee of 17 firms, Maciak and his partners designed a system to identify, recruit, screen, test, train, place, develop and retain entry-level machinists and welders. The seed money came from foundations, primarily the Heinz Endowments. The companies contributed their time and, later, equipment, materials, and part of the cost of the training.

To launch the new effort, a direct mail recruitment effort sought to get people with the aptitude to do manufacturing work into training. The mailing targeted Census blocks with large numbers of males between 25 and 34 who did not have degrees. The mailing asked people to make a “Call to Action” to an 800 number, with operators scheduling people for an information seminar.

“The first step is to come to a seminar to see what machining and welding look like and smell like and taste like.” The seminar and an information packet provide information on the industry, companies, job opportunities, earnings and career potential, program requirements, and training process. Training centers where the seminars take place have been made more attractive to appeal to the significant others – often a mother or girlfriend – who weigh in on potential recruit’s decisions. A test determines whether recruits have the necessary skills, including basic trigonometry. More people fail than pass the test. Eight of the 15 people in the pilot program had been delivering pizza.

Classes take place five hours a day, five days a week, for 17 weeks. “It is a boot camp” says Maciak. Classes are offered in different locations, because “we find people aren’t generally willing to travel more than eight miles to go to training... They will travel a mile or two further for a job. They won’t cross a river. They won’t cross a turnpike.” Since late 1999, the program has trained over 535 machinists and welders at 140 different firms. This is well above the 40-50 per year that Maciak says graduate from Focus Hope, a national best-practice entry-level machinist training program in Detroit (unlike NCC, Focus Hope targets inner-city young adults). It takes 2,000-3,000 calls to the 800 number to get 100 program graduates.

In 2000, the entry-level recruitment and training program was spun out as a separate non-profit, New Century Careers. The program costs \$9,000 per student and could come down to \$6,000 if operated at full capacity (250-300 students per year). Companies pay NCC \$1,250 for every recruit who stays three months on the job. Maciak says that NCC has received support from foundations, “fickle state and federal dollars,” limited industry investment, plus National Science Foundation support and a half million award from the Society for Manufacturing Engineers. NCC sought to utilize Individual Training Account dollars, but only eight people qualified for ITAs, in part because they first had to exhaust all possibilities to find a job. Maciak concludes, “we don’t have a sustainable financial stream.”

NCC and its partners have begun to consider how to meet other manufacturing workforce needs such as recruiting in African-American communities, and advanced training for incumbent workers. NCC is also revising the National Tooling and Machining Association (NTMA) apprenticeship curriculum and aligning it with National Institute for Metalworking Skills (NIMS) skills standards. NCC also manages NTMA’s apprenticeship program, in which between 200 and 400 apprentices participate at 100 different companies. The revised apprenticeship will consist of two years of training applicable to all metalworking following by two years of specialized machining or tool-and-die training. The apprenticeships will articulate with seven new Manufacturing Technology degrees established at three community colleges and two Universities via the Partnership for Regional Innovation in Manufacturing Education (PRIME).

Looking back Maciak says “We didn’t approach this to be collaborative. Our objective was to see how fast we could fill the gap for machinists and welders, organize the employers and develop a system that could attack that problem. As we build, we find other players who are good and want to be involved.” NCC coordinator Megan Grabsky says, “We did not build anything. We use existing facilities, existing expertise. We are used as an intermediary, the thing that gets and keeps the program moving.”

Challenges for the future include the ability of these initiatives to withstand a sustained economic downturn in manufacturing along with the funding challenge Maciak flags. Behind the funding challenge lies another fundamental issue: how to build and maintain a learning infrastructure that will be owned by and responsive to manufacturing employers for the long term. Manufacturing employers in SW PA have benefited from the rare

combination of consultants whose mission is to serve industry and foundations who pay for organizing employers around workforce needs. With the exception of the NTMA (which deals with the upper end of the non-supervisory skill spectrum), it is not clear that manufacturers have yet moved to solve their own “free rider” problems in the market for skill, as opposed to free ride on the (possibly temporary) willingness of others to address the problems. A final challenge: organizational practices inside the firm. As Maciak pointed out, very low retention rates contribute to vacancies for entry-level machining work. As well as a better recruitment process, solving this problem may require spreading best human resource practices within network employers. (NCC does coordinate some mentor training for on-site apprentice supervisors.)

Special challenges exist in rural areas when it comes to engaging employers collectively within clusters. Low geographical density means that employers collectively may not have pre-existing collaborations with educators or other workforce service providers. The Central region WIB, for example, talked with 80-plus employers in its strategic planning. Out of this 80, “two talked to each other.” The Central and North Central regions also said it is hard to do specialized technical training because it is difficult to put together a whole class. The particular nature of the region and its employers’ needs led North Central to create geographically based employer consortia, rather than industry consortia, although some geographical consortia have a concentration from a single industry (Box 4). A general lesson from the North Central experience is that cluster collaborations and employer consortia cannot be forced, but must emerge organically based on the needs and interests of regional employers and other stakeholders.

Pennsylvania’s most developed cluster workforce initiatives emerged prior to WIA implementation and workforce reform (see Box 2 and Box 5 for examples). By the same token, new cluster initiatives that have emerged in the context of workforce development reform are in relatively early stages of development (see, for example, Box 3 on the Southcentral Health Alliance).

> Regional rivalries undercut integration of workforce and economic development.

One concern that came up in several interviews was regional rivalry. When rivalries exist within an economic region (whether that region is served by one or, more commonly, several WIBs), they can undercut integration of workforce and economic development initiatives. One rural WIB director, described on a recent competition to attract a major distribution center, then said “We would like to be able to see a comprehensive workforce/economic development plan that everybody in the region recognizes and is working towards. We have companies that have said they would like to be in this region. We have four or five counties spending millions to attract them to their county. They are out there trying to sell each other short and we already have them. You should take that money and do more with it. It is going to be the same workforce wherever the company goes.”

In a second region, regional rivalries reportedly stem in part from decades-old turf battles over the distribution of transportation funds.

Workforce practitioners suggested three ways to damp intra-regional tensions. First, rather than attempting premature wholesale integration of the public workforce role, specific collaborative initiatives can develop the relationships necessary to overcome parochialism. Second, the state could establish some incentives for regional collaboration, for example through challenge grants. Third, local political leaders say that business leaders have no patience with political turf boundaries. Engaging business leaders more deeply and perma-

Box 3.**Cluster Workforce Example: Health Care in South Central Pennsylvania**

Over the past two years, the industry cluster with which Pennsylvania WIBs have been most energetically engaged is health care, including long-term care. One of the largest and most visible health care workforce initiatives, the Health Alliance, involves the Workforce Investment Boards in Berks, Lancaster, and the nine counties of the Southcentral region.

These three WIBs started with health care because it faces pervasive workforce shortages which are “clearly going to get worse” because of demographic trends, including the fact that many nurses are reaching the age at which they often retire from being on the floor of acute care hospitals. Health care also includes a well-defined and common set of job definitions and skill sets, simplifying industrywide and industry-education collaboration. “If you are a radiology tech you are a radiology tech whether you are in this county or four or five counties over.”

Through collaboration, according to Ed McCann, the three WIBs “tried to set the stage for organizing people to continue to work on health care issues, which aren’t going to go away.” In planning and executing a health care workforce strategy, the three WIBs engaged with eight regional acute care providers, 25 not-for-profit nursing homes in Lancaster, and a statewide industry association (HAP, the Healthcare Association of Pennsylvania).

Collaboration began with a media campaign to raise awareness of health care careers. With discounted rates from regional media, employer contributions of \$100,000 translated into \$600,000 of air time. TV spots featured former Secretary of Health, Wanda Filer. As the media campaign began to generate interest among job seekers, the three WIBs trained staff at 10 Career Links to provide information on health care careers and to screen applicants for employers.

It quickly became apparent that many interested workers would need training to meet the standards for available job openings. This led the Health Alliance to apply for \$200,000 in workforce dollars from the Commonwealth. The Commonwealth gave the Alliance \$600,000, awarding it the first Critical Job Training grant (see p. 26) to train workers in a wide range of jobs paying from \$7 to over \$20. Hospitals and other participating employers made commitments to hire training program graduates. To meet the need for training, the Alliance has been able to get providers of health care training to increase their capacity. For example, the Reading Hospital went to a weekend and evening RN program through the community college that increased their RN training capacity by about 50 percent. In Lancaster the number of slots in an LPN program doubled.

The Alliance has come to realize the importance of retaining workers who have been trained: a lot of nurses and lower-wage direct caregivers leave their profession because of difficult work loads, long hours, and the lack of recognition and respect. Retention problems are not new, although the need to address them may be greater. One WIB said that, in 1979, his area did a local survey of nurses, including people who had left the field. “One of the biggest things that jumped out at us was a lot of nurses told us doctors treated them like crap.”

As one way of how to deal with retention, a representative of the Jewish Health Care Foundation in Pittsburgh pointed to the example of Magnet Hospitals. (Hospitals earn the Magnet designation by demonstrating good

human resource practices. Researchers have shown that retention is much higher and turnover much lower at these hospitals.) According to Karen Lobst of JHCF: “We want to figure out best practices. There are magnet hospitals around the county that have waiting lists of nurses to come work there. It is an expensive and long process to change but if we could get some hospitals in this area to look at the program, we could help with technical assistance. From our perspective, Workforce Development is about perfecting patient care and delivering quality services.”

While there is an increasing recognition that the best way to solve the long-term workforce crisis in health care is through promoting better organizational practices - without that training and media awareness are like pouring water faster into a leaky bucket - most training dollars may not be used to promote such change. One WIB ED said that the real issues concern respect and the work environment, but “we have money to spend on training. We need the flexibility to react.”

Box 4.

Cluster Example: North Central Geographic Employer Consortia

The rural five-county North Central Workforce Investment Area provides an example of a WIB engaging with employers to create a learning infrastructure that meshes organically with the needs of a particular region. Today’s efforts in North Central have long roots, going back to the 1983 transition from CETA (the Comprehensive Employment and Training Act) to the Job Training Partnership Act (JTPA). At that juncture, most of the region’s county commissioners wanted to align employment and training programs with economic development and the needs of industry, rather than being a social service program, on the assumption that better job opportunities for workers would follow.

To achieve this alignment, the North Central Service Delivery Area (SDA) under JTPA was housed in the same building as the North Central Regional Planning Commission that oversees the administration of economic development programs. Using cluster analysis to inform workforce planning 15 years before the rest of the state, North Central found two specialty industries in the region, wood products and powdered metals. North Central also learned that some parts of the region (Elk and Cambria County, especially) had no schools and training providers that met the needs of industry.

At that time, the lack of training providers serving the Powdered Metals Industries was not crippling. “You could bring somebody in, take your time training them. So you blew off a couple of hours to get time on the dyes, that was fine.” But as the major auto companies responded to stiff Japanese competition, went to just-in-time inventory and intensified price pressure on auto suppliers, powdered metal companies lost their “wiggle room.” The economic development head for the area went around to about a dozen CEOs and said “tell us what we need to do here?”

Since the SDA did not have a track record training and CETA was “thought of as a farce,” it took time to establish a reputation. After about six years of running training programs for dislocated workers and low-income workers, North Central established its licensed proprietary school in the early 1990s with an initial half million dollar investment. To enhance its credibility and gain access to additional education funding streams, the school acquired some third-party certifications and national accreditation. More recently, the school has been approved as a deliverer of WEDNET training (a DCED funding stream for training by higher education institutions).

In the wake of WIA, in its strategic planning, the North Central WIB studied commuting patterns and found five labor markets that line up only roughly with county lines. An estimated 70 percent of people live and work in one labor market, with the rest commuting among labor markets. Career Link locations are based on the existence of the five labor markets.

The WIB has established employer consortia in the five labor market areas with committees dealing with each of three priority areas: incumbent worker training, adult unemployment, and youth development, also known as “the future workforce.” To keep the business people participating, meetings have to “do” something concrete to address workforce problems. The first consortia formed covers the Jefferson County/Dubois area and began meeting in 2000 “to share ideas, businesses getting together for training. If one business was doing training, like forklift training, and other businesses needed that training, the latter could send their people to the other business at virtually no cost.” After the first year, access to WEDNET made public money available for some of the training — \$15,000 for smaller employers, \$30,000 for larger employers. The consortium developed a training timeline so that everybody knew when everyone else was delivering particular courses. In Lawrence’s words, “It snowballed.” A lot of increased demand has been for foundation skills, computer training, lean manufacturing, stress management, supervisory leadership skills. The employers “said before you do all the high falutin’ stuff, take care of the basic skills.” They also decided to have a vendor fair, and the employers pick whoever they want to do the training. Some employers do in-house training, using experienced workers. About 25 companies are now active in the Jefferson County/Dubois consortium. The biggest employs 250 people, the groups as a whole about 2,000.

While the five geographic consortia do not have an explicit industry focus, a lot of the companies who participate are manufacturers. In Elk County, especially, the consortium has a lot of powdered metal manufacturers. The region as a whole is now looking at three industry clusters in addition to wood products and powdered metals: health, transportation (including trucking), and information technology.

“Once you give these folks a reason to meet,” Lawrence maintains, “a lot of additional things start happening because we create so many efficiencies. For example, Dubois Business College put on computer training that was \$60 per hour whether you had five people or 20 people. So if you had 10, it really didn’t cost much. A lot of businesses took advantage of that because a lot of people needed Word, Excel, PowerPoint.”

Lawrence concludes by emphasize the importance of listening to employers. “We have been very careful not to fall in the trap of knowing what the companies want. The way I always explain it to people, it is like the newspaper, give me your source.”

nently in the governance of the public workforce system may provide a political counter-pressure to geographic turf battles.

Recruitment of Key Regional Leaders to Workforce Investment Boards

“You’ve got to believe it is in your business interest to be sitting at this table.”

One critique of the old Job Training Partnership Act (JTPA) system was that PICs rarely contained the “right” business people. Too often, attendance rates were low and many business members agreed to serve to be a good corporate citizen not because they viewed it as important. Some Board members allegedly sat

on PICs so that they could steer money to themselves or their friends and associates.

Many leading WIBs believe that they have managed to attract many more of the right business leaders (although reports of “little change” and low attendance persist in some other WIBs). In one strategic approach, the Lancaster WIB “recruited board members based on our clusters. We want two or three board members from all the clusters and they do most of the inviting and are great spokespeople and leaders for us.”

WIBs in Philadelphia, Berks County, the Lehigh Valley, and Allegheny County also believe that they have managed to attract “the movers and shakers.” In Berks, the upgrading of the Board took place prior to WIA, through “peer recruitment” following identification of one or two senior people within each key stakeholder community (business, labor, education, community).

In the Lehigh Valley, “we have a board with the right players and the movers and shakers. We have been able to say to the Lehigh Valley, ‘we are the leaders in workforce development and we are married to the leaders in economic development. If you are interested in knowing where the jobs are, if you are interested in knowing where jobs are going to be in the future, you need to play with us.’”

Concludes one state policymaker, “The private sector in many instances is starting to exercise some real leadership and control in this.”

One major urban WIB director connected the ability to attract and keep top business leaders engaged with the WIB to the Board’s strategic role. Unlike serving on the PIC, the Director said, WIB membership is not community service: “You’ve got to believe it is in your business interest to be sitting at this table and making sure this money is spent effectively in Philadelphia and we’re, in addition, investing in models that will eventually have an impact in the key industry or key occupation. It’s not just getting a bunch of unemployed people into the labor market. It’s about upgrading skills, it’s about positioning us more competitively.”

For WIBs attracting the right business people, a second challenge is retaining them. Business representatives have little patience for administrative reports and bureaucratic turf fights. WIB Executive Directors need to ensure that their WIB spends most of its time focusing on strategic direction, implementation, accountability, and timelines and less time on WIB or CareerLink administration. Retention is less of a problem when the private sector members feel that they have contributed to the forward movement of the Board. To ensure that WIBs in Allegheny County and Philadelphia have sought to make their Board less staff-driven, developing committee structures that give WIB members important work to do. One way of accomplishing this has been through the development of committee structures that give WIB members work to do. This leads, in turn, to WIB members often making reports at meetings.

Career Links: Finding Their Niche

“Career Link isn’t everything, it’s a piece of the system. We need to identify what piece it does well and then allow it to do that.”

“Try to be all things to all people – truly universal One-Stop – and you end up being nothing to anyone.”

Another key dimension of WIA was the requirement that One-Stop centers be established with limited services available to workers generally and assessment, career counseling, case management and training available to those who need them to obtain employment. A study by the U.S. Chamber Center for Workforce Preparation and Analysis found that One-Stops in six locations nationally served 5 percent of all employers.

Field interviews reveal that WIB Boards and staff are still figuring out how one stops or Career Links will fit in with the future workforce system. Ron Painter, Director of the Three Rives WIB said: “Career Link isn’t everything, it’s a piece of the system. We need to identify what piece it does well and then allow it to do that.”

Identifying the labor market niche of Career Links is challenging in part because they are new. In the old economy labor market, no one suggested the need for geographically based one stops that served a broad cross-section of workers. Nor did most employers rely on the employment service or other public programs to find workers. Understanding the role of Career Links is also challenging because the other “pieces” of a new labor market system often do not exist yet or are underdeveloped.

While Career Links are a work-in-progress, two observations about their efforts to date stand out.

- * Career Links overseen by leading WIBs are seeking to reach beyond workers and employers at the lowest levels of the labor market. According to one major urban WIB Director, “we are working hard to change the image but it is difficult.” He added that most people his Career Links serve are 18-25, urban, read and do math at around the 6th grade level and difficult to place in jobs paying above \$10 per hour. Managers, however, are now the 11th most common occupational group to seek service. In Lancaster, daily traffic has risen from 100 to 250.
- * Several interviewees emphasized that they did not think Career Links should try to be all things to all people. They noted that some higher-level workers do not need access to One-Stops because their social networks give them access to opportunities.

Looking ahead, three ideas emerged. First, Ed McCann of Berks County, drawing on his perception of the Three Rivers WIB, suggested Career Links would link with industry consortia. There will be “an intermediary agency or organization to pull together industry clusters, to be an intervening point for people in that cluster, to understand the industry, and facilitate the development of cooperative approaches in that sector and so forth.” On the Career Link side, there would be a “mirror image of what is going on on the business side — one person within the Career Link structure who has a similar degree of expertise about that industry cluster, [who knows] the best ways to work with that industry, who is the principal contact. [The Workforce Investment] Board will convene all those folks from the various clusters.”

In this vision, Career Links would not necessarily link workers directly to jobs and individual employers. Based on workers’ past experience, capacities, and interests, Career Link would connect workers to industry intermediaries. Industry intermediaries, in turn, would provide connections to employers and/or more detailed guidance regarding career paths or training options.

Linking to employers through industry intermediaries, Career Links could develop the capacity to reach many more jobs, including above the entry level, than by linking to employers directly. This would enable them to attract through their doors or internet sites more workers seeking a good job or advancement opportunity.

An implication of this vision is that the success of Career Links is limited by the extent of the development of industry intermediaries with which they can link. If employers are not organized in industry clusters, a Career Link could have a good concept of its role and be well run, but still be unable to attract many employers and job seekers.

A second notion about the future of Career Links was that, on the supply side, they would continue to need to offer entry-level workers a range of intensive services, especially if those workers are to access company or industry career paths that lead to family sustaining jobs. One state policymaker asked who else will provide the necessary support for these individuals?

For a wider range of workers, some observers believe that web-based Career Link services have the potential to be of increasing value over time, complemented by technical assistance or career counseling. Career Link on line might provide basic information on career paths, the education needed to navigate those, and the availability (and track record) of education and training providers. Mid-career displaced workers or individuals seeking a new career could be among those likely to use core services of this kind.

With respect to the electronic job matching component of Career Link, one issue relates to the question of “signal vs. noise.” Workers doing an electronic search rather than a traditional more targeted search may find that they are qualified for a wide range of jobs. The possibility exists that workers can apply for more jobs and that employers will get more applicants, but that the quality of the match goes down – e.g., workers chances of getting any job they apply for goes down and employers chance of having a job offer accepted go down. There is a rough analogy here with what has happened with college applications as word processors have made it easier for students to apply to more places. Or think of the old saying about a person who loses their keys and then looks for them only under the lamp-post, since that is where the light is and it is easy to look. Computer-based job search creates a world in which there may suddenly be scores of lamp-posts to look under, none with the right job.

The limits of electronic job matching reflect the limits of written communication - key knowledge about good jobs can only be transmitted interpersonally. This is partly because only someone who has worked closely with a person in a high-level job is likely to have a good sense of the person’s capabilities (even then, judging the quality of a person’s work can be very difficult). An added complexity is that written references from past managers or employers are highly unreliable unless the person checking the reference already has a relationship of trust to the person giving the reference. For both these reasons, social networks are often the most trusted source of new workers, the only way those hiring can have a high level of confidence that they have the real skinny on the capabilities of a new person. In-person interviews are the best – although still a poor — substitute for evaluating the quality of a match through social networks. Over the long term, it is possible that improved job profiling tools and better mapping of workers’ skills/experience could make computers a better tool for narrowing job search for workers and employers. Even if this is the case, those tools may be more likely to be used by occupationally or industrially specialized networks and intermediaries rather than through Career Link itself.

Practitioners See State and Federal Governments as Impeding System-Building

“The governor who’s coming in better say my Secretaries better get their act together.”

“When you have a bucket of money for brown-eyed people and a bucket for green-eyed people, and you have lots of brown-eyed people and run out of brown money but there is green money left over and you can’t reach into it, is a shortcoming.”

The relationship between local WIBs and the state government under WIA remains an evolving one. In some cases, this was a relationship born in conflict over the geographical expanse of WIB regions. Other more specific complaints emerged from field interviews, including about an extended delay in the delivery of state performance requirements for Career Links. For their part, state policymakers believe the State WIB has provided guidance to local WIBs. Examples cited include careful (not rubber stamp) scrutiny of local strategic plans and efforts to safeguard the brand name “Career Link” by enforcing minimum standards and encouraging “continuous improvement” at each WIB’s Career Links.

The sharpest criticism from the field about the state government concerned a perceived failure to support regional workforce system building. One local workforce official says: “The five PA. agencies (DCED, DPW, L&I, PDE, and Aging) don’t coordinate well.” A second maintains that “the five state departments don’t work together.” A third says the state government claims to encourage system building but then the five Departments “don’t have their act together. The governor who’s coming in better say my Secretaries better get their act together. They haven’t even begun to align their resources.”

> *Lack of interagency collaboration hampers Career Link*

One of the specific ways that lack of state interdepartmental cooperation is perceived to impact local efforts is by hampering Career Links. A recurring complaint is that the Department of Public Welfare in most places continues to operate its own delivery system for employment and other support services. According to a rural WIB Director, DPW is not part of his region’s one stops. He added “we have 12 different silos of welfare programs right now.”

One deterrent to interagency collaboration, in the minds of local workforce practitioners, is the fact that only one agency – Labor and Industry – has oversight over Career Link and is obligated to pay for its infrastructure. One practitioner said “I don’t blame the Secretary of Welfare if she says I’m not going to put money into Career Links because she doesn’t have any role in how they are governed at the state level.”

There are some WIB regions in which agreements have been reached to share Career Link funding across Departments. In Berks County, for example, a four-partner Career Link operator consortium includes the services side of WIA; BECs (the Bureau of Employer and Career Services through which flows Wagner-Peyser employment service dollars); a team from the County Assistance (i.e. welfare) Office; and the employment function of the regional Goodwill. Each managing partner has to place at least six full-time people in the one stop, share infrastructure costs, and agree that services will not be marketed under any other name than Career Link. Staff for different agencies are also integrated around functions, with multi-agency teams dealing with employer services (job matching, referrals, job screening), employment planning (career direction, access to training etc.), and informational workshops. More than a dozen other organizations have a lesser presence at the Berks Career Link, in many (but not all) cases by federal mandate.

> *WIB is not yet THE place where regional workforce planning happens*

A second area where local practitioners see lack of state interagency cooperation as hampering local efforts concerns the breadth of the role of WIBs. One original goal of WIA was to make the WIB a general workforce development planning body, not one concerned only with WIA funds. One WIB director reports progress in this direction as “Anywhere from slow to nonexistent. There are some areas where they have started to make some inroads.” He adds “The local boards have not been able to realize what I think a lot of people thought their potential was to really become a driving force for pulling together workforce activities in their area.”

Since WIA controls only a small fraction of the workforce investment dollars coming to most areas, a second WIB director says, “we don’t have the power of the dollar.” Any WIB progress towards becoming an overall workforce planning body hinges on building relationships and consensus around the need for coordination.

A third WIB ED maintains “I would like to be able to comment and impact on all those 45 workforce development programs. I don’t want that money to run through our WIBs but I want to give this system the opportunity to have the dollars to use as they see fit.”

As an illustration of the failure to us local workforce boards as overall workforce planning bodies, practitioners point to the failure to consult with WIBs regarding distribution of Customized Job Training dollars. They also point again to the separation of DPW programs from the WIBs. Aside from DCED with its flexible CJT dollars, some DPW dollars are among the most flexible around, the only restriction being that they serve individuals below 235 percent of the poverty line. Summing up, one WIB ED said, “If you want a system then use it. They’re not even using the workforce boards they were mandated to set up.”

DPW was credited with distributing Youth Challenge grants through the WIB system. These grants target people with incomes of up 235 percent of poverty and are otherwise very flexible in terms of how they can be used.

> *Improved state interagency cooperation under Governor Schweiker*

State policymakers and the few local actors who commented on this issue maintain that interagency cooperation has improved under Governor Schweiker. One local policymaker said Governor Schweiker “recognized we can’t get to the broader system until the five department get off the dime and get it together.”

A state policymaker said: “The Commonwealth aspect of workforce development has worked far better under Governor Schweiker...I think what Governor Schweiker and his Cabinet Secretaries have done since October is to show that, with all the lunacy of the federal programs, you can interact as a team and respond to people’s needs and you can put a veil over the lunacy and simply streamline the access, work together as a set of organizations and be much more collaborative in the pooling of dollars.”

Improved collaboration has been advanced through a “Core Team” of Deputy Secretaries and policy staff from the five agencies that meets regularly. These meetings provide a forum to discuss waiver requests, how to collaborate, and to make sure any initiative fits within the state’s unified plan.

To encourage interagency cooperation and to make it easier for applicants seeking workforce funds, the Schweiker Administration launched the Critical Job Training Grant program. (In November, the Pennsylvania Legislature voted to extend this program.) This program allows applicants to apply for money from any of several programs by completing a single on-line application. An interagency team then considers if any of the available funding streams (primarily from Labor and Industry, DCED, and DPW) want to support each proposal. The Critical Job Training Grant program appears to have reinforced the push towards focusing funds on industry clusters (although not necessary on employer partnerships – as opposed to individual employers — within those clusters). The health care cluster has received 60 percent of the total Critical Job Training Grant funds (including the first CJT grant, profiled in Box 4).

One state policymaker maintains that, under the Critical Jobs program, “we don’t force the applicants to work through DCED’s process, DPW’s process, L&I’s process and figure out how to marry and leverage resources. We do that internally through this application process.” The Critical Jobs program does not eliminate the federal constraints attached to different funding streams, such as restrictions on populations eligible for support and on allowed activities.

> *Federal rules seen as a major obstacle to system building*

State policymakers and those local actors who addressed the issue pointed to federal legislation and regulations as primary obstacles to program integration and system building.

A local workforce leader reports “WIA gave us more flexibility to do the things quickly we needed to do – create jobs and connect people to opportunities. We have been disappointed somewhat in that we still can’t be as flexible as we’d like.”

Labor and Industry Deputy Secretary Tim Bittle says “WIA was a positive first step, but individual programs with individual regulations and criteria as to who can qualify remain. When you have a bucket of money for brown-eyed people and a bucket for green-eyed people, and you have lots of brown-eyed people and run out of brown money but there is green money left over and you can’t reach into it is a shortcoming. Folks within the various programs will tell you why each program is unique and why they should be separate but if you really want flexibility to meet what local boards have identified as gaps, you need a lot more flexibility within the programs and how you can get that – waivers, more block granted approach, you demonstrated you tried to serve folks through a stream and need it for something else, etc. There is a lot more cooperation but silos remain.”

A second state policymaker claims “The Federal Government is awful in this field. They have silo-ed everything. We have managed to find funds as flexible as we can to use [in the Critical Jobs Training Grant] program. But there are still certain restrictions about what you can do. When you try to marry these resources and leverage resources you find ways to create partnerships that didn’t necessarily exist before. But you also find out that there are limitations to what you can and cannot do.” As a result of federal constraints, winning proposals for Critical Job Training Grants have sometimes found themselves faced with restrictions that were not specified in the original Request For Proposal guidelines.

An ED from one of Pennsylvania’s largest cities notes how funding fragmentation makes it impossible to provide case management to support career advancement over extended periods: “You need a way to con-

nect with people along a career continuum and you have public funds that aren't conducive to do that. The blending of funding streams is almost impossible. You can have all the One Stops you want. You can't work with somebody to develop a 5-year plan for their career development and help put resources behind it and make staff available to work with them. At the end of the day, you still have to do what you're funded to do."

Accountability: Out with the Old and in with...?

"It is not called the Workforce Let's Give It Away Act, it is not called the Workforce Let's Keep Doing What We Have Been Doing Since 1962 Act. It is called the Workforce Investment Act. We have tried to continually approach the Board about your task is to make strategic investments and how are we going to do that?"

At the local and state level, a rich discussion has begun of "accountability" – how to assess the performance of workforce services delivered and of WIBs themselves. In many cases, this discussion is somewhat confused because of the failure to distinguish clearly between accountability for how particular dollars are used and accountability for the role of WIBs and Career Links in building a system. Several observations stand out from discussion of accountability.

There is a consensus about the inadequacy of current accountability for services delivered. A major flaw seen with current accountability measures is that they are specific to individual programs. The persistence of program-specific measures reflects the ambivalence in federal policy regarding the shift away from categorical funding. There is a widespread view that, to the extent possible, it would be desirable to move towards common measures of performance for services delivered across all workforce programs.

Another criticism leveled at traditional accountability measures is that they are too focused on job placement and on the short-term. One WIB Director said, "They don't say, 'you did a really good job because you took 1,000 people and over a course of five years they went from \$5.15 per hour to \$45,000 per year.' That's not good. What's good is you take 1,000 people every year and put them into a \$5.15 or \$6.15 per hour job." Other WIB Directors criticized the inflexible nature of requirements for wage gains. According to a report co-authored by the State WIB Association, serving incumbent workers with WIA dollars requires nearly immediate wage increases in the range of \$3 to \$4 per hour (CCAP and PAWIB 2002, p. 19). Such gains "are not realistic" with short-term training. Implicit in the criticism that current measures are too short term is the recommendation that future accountability for services should be based on long-term progress of workers.

Distinct from the issue of measuring the impact of particular employment and training services is the question of "system performance," including how the overall impact of the Career Link and especially the WIB itself should be assessed. At present, practitioners noted, WIB members don't know how their Board is doing. One regional political leader said "There needs to be a mechanism for WIBs to share information among one another on 10 to 15 key indicators to see how we compare." A state policymaker said: "If you can't show me the three things that tell me how I'm doing, then you are really in trouble."

Leading WIBs are searching for broad notions of accountability that get at how well WIBs improve the functioning of regional human capital markets. One rural WIB ED asked "do we have weight?" in each of our geographical labor markets? A representative of a leading urban WIB says "We want to get a handle on the performance of the labor force more than looking at WIA dollars." The WIB ED in this area added that

measuring the effectiveness of a WIB is “probably the area that raises the most questions and the fewest answers. The public opinion survey is one way. Secondly, we have talked about internal measures that are somewhat more mundane – how many times is the Board asked to be on a panel around human capital development, how often is the board quoted, how often are we asked to sit in on different meetings? I wish I had a better answer. I think we have got to have some patience around it. I know it is very frustrating to my Board to recognize how little we have been able to put together about what we know.”

Inescapably, as WIBs and public workforce funding move in a more catalytic and policy-oriented way, success will hinge on a complex and difficult to disentangle combination of public and private actions. One regional policymaker said, “you are creating something that is essentially a networked organization – what does accountability and control mean?”

If industry cluster initiatives become a major thrust of workforce activity, one approach to accountability could be to track measures of industry success from the perspective of both workers and firms. If the real goal of strategic cluster initiatives is to make the sector perform better from the perspective of both firms (measured by profitability, productivity, quality, achievement of certification for organizational effectiveness – e.g., ISO certifications, industry investment in workforce training) and workers (wages, benefits, wage gain over time, education and training received, employment security), then these measures should be tracked. This may seem like asking the public sector workforce tail to wag the private sector industry dog. But highly leveraged benefits from a more policy oriented public workforce role is ultimately what it means to have “strategic” workforce programs.

In practice, at this transitional point, leading WIBs are most accountable to themselves and to their developing vision of what their role should be. One WIB chair said “We won’t let a reporting form dictate what the right thing to do is. We consider it, but what are they going to do, fire me?” Another WIB ED said “We did a strategic plan. We basically ignored what the law said. It came out OK.” Non-bureaucratic “professional” accountability is a pivotal resource, especially for a workforce system in flux. Indeed, there is no system of bureaucratic accountability that could guide WIBs and the regional workforce system safely through today’s uncharted waters. For this reason, clarifying a vision of a new workforce system and strengthening peer learning and commitment to implementing that vision may be the most effective accountability system.

5. EMERGING ISSUES - FROM IMAGINING TO BUILDING A LEARNING INFRASTRUCTURE

Pennsylvania workforce practitioners have come to recognize major gaps in the learning infrastructure that helps employers meet their skill needs and workers pursue rewarding career paths. Practitioners have pinpointed industry clusters as targets of opportunity for building a more responsive workforce development system. Several regions have begun trying to catalyze or strengthen cluster intermediaries that can coordinate the identification of industry needs and help ensure that educators and trainers meet these needs. Over the next several years, a pivotal second-stage workforce reform question will be: how much will industry intermediaries emerge that deliver tangible benefits for employers, workers, and Pennsylvania? With this question in mind, this section provides some guidelines for practitioners drawn from interviews in Pennsylvania and efforts to build intermediaries in other parts of the country (see also State of Wisconsin Department of Workforce Development 1999).

The Intermediary's the Thing

“Industry walks from the table because it is not their agenda.”

In concept, the notion of cluster intermediaries goes beyond the type of industry advisory boards or ad-hoc committees that have in the past helped individual education providers remain aligned with industry needs. The idea is to create an “industry voice” that can, on an ongoing basis, ensure “collective” solutions to problems that cannot be solved by individual firms on their own. From a long-term perspective, the particular problem first addressed is less important than using the problem as an organizing opportunity – solving the problem in a way that increases industry leaders’ attachment to an intermediary that can then help solve whatever collective workforce needs emerge.

> *Organizing industry and occupation intermediaries is new and difficult*

Organizing intermediaries is difficult, particularly because it is new — no community of workforce practitioners yet exists for whom organizing intermediaries is second nature. Jeanne Berdik of Catalyst Connections says: “One of the challenges is organizing small and medium-sized employers. It is hard to get an industry voice. Each employer has particular needs, although there are also some commonalities. The challenge is aggregating that demand voice in a way that is inclusive without being one size fits all.” Berdik adds that “Employers and community organizations want to jump to training programs for CNC programming or Cisco+ or Cisco++ — a very specific solution. It is hard to get people’s focus on a strategic approach that looks at the workforce over time, not just a programmatic solution.” Rather than just responding when needs reach crisis point, a strategic approach would be able to anticipate upcoming problems (such as the retirement of one quarter of manufacturing workers in four years) or explore difficult but pivotal challenges such as how interfirm collaboration at the industry level can foster high performance generally.

Organizing intermediaries can be especially difficult in sectors in which employers are highly competitive with one another and/or in which workforce skill is not seen as key to profitability. One Pennsylvania region experienced this challenge in financial services. “There was no employer association to put the financial services cluster under. They are too competitive. They haven’t had that level of common interest. When you got them around the table the only thing they agreed that had as a common need was entry-level customer service employees – call centers, tele-work, and the like. You could talk to the HR people on the side

– companies are losing middle management people to one another — but they are not going to push that or admit it to one another.” This experience echoes the efforts of a Delaware Financial Services Network from the mid-1980s to the end of the 1990s (Abrams et.al, 1999). The Delaware network coordinated limited initiatives to cope with a recruitment and training crisis in the fast-growing credit-card industry. The network never moved on to deeper collaboration – e.g., to foster industry career path or improve work organization – that might have had greater benefits for the industry, its workers, or the state.

Organizing intermediaries will also be more difficult if the economy slackens, reducing skill shortages and creating pressing business and financial problems. This issue has already come to the surface in an effort to form a high tech cluster intermediary in Southwestern Pennsylvania. Faced with the dot.com bust and the post-9/11 environment, a cluster organizer at the regional technology council said, talent is not an issue from the industry’s perspective, survival is. “If they are beginning a cluster it is around product R&D, best practices and benchmarks. Nobody wants to come to the table around workforce development.” A modest rise in unemployment should not completely dampen employer willingness to partner with industry training initiatives. Demographic trends and an aging workforce (e.g., in manufacturing, health care, construction, and the caregiving occupations) ensure that many entry-level and skilled worker shortages will remain.

> *Successful intermediaries must be industry driven*

Consistent with a large body of experience elsewhere, Pennsylvania workforce practitioners who have experience with organizing intermediaries underscore that they must be industry driven. When industry collaborations are hard to sustain, says Lancaster’s Sheely, “they haven’t been industry driven. Industry walks from the table because it is not their agenda.”

Creating industry-driven partnerships requires other stakeholders — educators, non-profits, possibly WIBs themselves in the future – to step back, and business leaders to step forward. Both parts of this two-step can be difficult. Business leaders (especially the top and operations managers who’s participation is essential) just want someone else to solve their workforce problems. The financial interest of trainers or non-profits, by the same token, can lead them to distort the definition of “industry needs” (i.e., trainers tend to suggest the industry needs the services they provide).

Sheely, who previously worked at the Lancaster Chamber of Commerce, maintained: “What I found when I was at the Chamber was that we had to get rid of all the educators and say what we need, and then we will bring the education people back and tell them what we need.

Even the Chamber of Commerce, Sheely continues, may try to organize industry segments without listening to the employers. “If you don’t listen to the customer, the employers, they are going to walk... Give them jobs to do and let them invest some time, money, and energy into it and don’t give them everything. Require industry to step up and make a contribution. They have to have a sense of ownership.”

Berdik from Catalyst Connections observed: “Federal, state, private funders pay for program operators – then those programs seek the endorsement of the business community for whatever they’ve designed. School initiatives, for example, claiming they are employer driven because they have three employers on an advisory board. You have to get the employers to say what they need.”

> *The WIB need not organize intermediaries itself*

One option is that WIBs themselves organize intermediaries that has emerged is that WIBs themselves would get into the business of organizing intermediaries, possibly using CareerLink staff. Steve Mitchell from Workforce Connections, however, a foundation-funded regional workforce policy initiative in Pittsburgh, says WIBs trying to organize intermediaries could impede industry ownership: “The Workforce Investment Act assumes that the WIBs are the ones who are going to organize employers. My bias coming out of the National Alliance for Business is that WIBs are not the ones who should be organizing employers. It should be trade associations and others. Employers should be organizing themselves if they are serious.”

A second reason for WIBs to be cautious in attempting to organize and staff intermediaries themselves is a simple question of resources – WIBs and Career Links together will not have the staff necessary to organize and maintain intermediaries that cover the whole labor market. This suggests that WIB’s role should be to spark private sector intermediary organizing, occasionally providing staff if that can keep an existing or emerging intermediary together long enough to find its own resources. Scott Sheely notes, “I know we will probably not be a leader in every cluster. We might be a catalyst and support other entities take the lead in some of these clusters; we don’t have to run everything.” As in the Career Link model outlined above by Ed McCann, one staff members within Career Links might have an ongoing supportive relationship with each major industry or occupation intermediary.

> *Outside data can help organize intermediaries but employers must define needs*

“Off-the-shelf” or “outside” data sources – maintained by the national and state government – can be a critical source for workforce planning. These data can reveal the basic structure of regional economies: e.g., which industries and occupations account for the most jobs, including higher-wage jobs accessible to less-educated workers; which are projected to grow most; which are unusually concentrated in the region, indicating the existence of some competitive advantage that could be maintained or strengthened; and which face substantial retirement, creating job openings. Over the past year, such data have proved themselves a powerful tool for local Pennsylvania WIBs to draw regional employers, economic development practitioners, and others into a discussion of industry and regional workforce needs.

Identifying specific training or other services that can efficiently be met collectively, however, ordinarily requires more grounded and current data than available from off-the-shelf data sets. Dave Pistner, Acting Chief Operating Officer of the State WIB, notes that a basic problem with the standard sources is that they involve “looking in the rear view mirror” at past trends – not looking at emerging and future needs. (Some of the industry and occupational data used to map industry clusters is several years old.) Outside data also fail in most cases to map the peculiarities of state and local occupational breakdowns or to keep up with occupational redefinition or with discontinuities in occupational growth rates that stem from technological and organizational shifts. For these reasons, occupational projections are, in the words of one WIB ED, of “doubtful validity.” A second WIB ED raised a danger flag about having “too much data with unclear value.” Having WIB staff or consultants collect data without a clear understanding of how the data will be used may create the illusion of progress for workforce system managers, while ducking the tougher issue of how to organize effective partnerships.

While the inside data that industry intermediaries really need to help their members may not already exist, collecting such data is an organizing opportunity. Needs assessment conducted by cluster organizers one-on-one with key managers, with employer focus groups, and through validation sessions (in which employers verify the high priority of the needs identified through interviews and focus groups) can help build commitment to the idea that joint approaches on workforce issues have a major payoff. Managers will begin to feel less isolated, and may gain a gut sense of the potential for peer learning that goes along with collaboration to fill particular workforce gaps. Long term, ongoing assessment of needs, overseen by a consortium governance structure that maintains industry ownership, is one of the central functions of an effective industry intermediary. Such assessment is the “core competence” of a workforce broker who should constantly ask “how can my members cooperate to make them and their workers better off?”

> *Intermediaries can build on pre-existing workforce collaborations*

In many areas and industries, prior multi-firm efforts to cooperate on workforce issues exist. These grow out of the initiative of local Chamber chapters, associations of Human Resource managers, industry associations (such as Technology Councils), and others. In Lancaster, for example, the Healthcare Alliance built upon relationships among human resource managers in 25 non-profit nursing homes, and among eight hospitals. In many cases, strengthening the training and career infrastructure in Pennsylvania should build on such prior collaborations. It may also be possible for public policy to encourage a shift in the identify of employer and professional associations away from narrowly self-interested lobbying and toward making positive contributions to making Pennsylvania’s workforce and economy more productive.

> *Worker associations and unions can strengthen industry intermediaries*

Labor unions and other worker associations can be an important asset in seeking to build industry partnerships or clusters. While companies may be able to profit offering low-wage, dead-end, or insecure jobs, unions and their members have a vested interest in employers taking the “high road,” based on developing and capitalizing on workers’ knowledge. Industry partnerships, by helping raise skill levels and promote the spread of best practice (more on that later), help pave the high road. A complementary benefit is that industry partnerships have the potential to increase employment security, via advancement or lateral moves to a new employer. Enhanced industry-level employment security is a key potential plus for worker association members with security waning at individual firms. Union’s role in building a well-financed industry training and career infrastructure is most advanced in unionized construction (see Box 5 on Plumbers and Pipefitters Local 520).

Worker associations (including those not certified as collective bargaining agents) can also help design and deliver high quality training and career services. One Pennsylvania regional policymaker notes “we often have the intelligence or data from the employers. We have the intelligence from the educational community. We know what kinds of courses are out there. What we don’t have is the other piece of the puzzle and that is what the workers are thinking. What is their mindset?” Worker associations provide knowledge of workers’ perspective. This can make it easier to design training that is useful on the job and to identify and address a wide range of subtle obstacles to career mobility and worker motivation: worker lack of confidence; worker unwillingness to admit what they don’t know to managers or trainers, which can sabotage learning; management that is rhetorically participative but autocratic and manipulative in practice; lack of transparency in careers, undercutting the motivation benefits of tuition benefits and advancement opportunities that may be invisible to workers even when they exist in HR managers’ heads; inability to pay for courses up front even if reimbursement is promised upon successful completion, etc.

Box 5.**Cluster Example: The Local 520 Plumbers and Pipefitters Joint Apprenticeship Program**

Even more than other industries, the construction industry faces a challenge in ensuring adequate investment in the skills on which the industry depends (this Box relies on Bradley and Herzenberg 2002). The reasons for this include the volatile nature of construction demand, the weakness of the attachment between workers and their employers, and the competitive nature of the industry. These features make individual construction employers, acting on their own, reluctant to invest in broad, transferable skills. This problem is especially acute in the non-union sector, with the result that non-union firms face severe skill shortages at present. This has led several WIBs to considering supporting non-union associations and employers to expand their training. This potentially amounts to subsidizing non-union employers because they fail to invest their own money in training, and also have difficulty holding onto experienced workers because of wages and benefits low relative to the union sector. This seems a questionable use of public funds, rewarding exactly the opposite of the desired employer behavior.

The unionized part of the construction industry, by contrast, has been relatively successful in addressing workforce needs. Unions negotiate with contractors to set the level of investment in training. Unions oversee apprenticeship programs that integrate workplace learning with classroom training, a more effective approach than classroom training alone. Third, unions negotiate wages and benefits high enough to encourage workers to make construction a career.

These features can be seen in practice in one of Pennsylvania's most highly regarded training programs, Plumbers and Pipefitters Local Union 520. First organized in 1914, Local 520 (of the United Association (UA) of Journeyman and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada) now has approximately 1500 members covering a 23-county area in Central Pennsylvania. The management partner with Local 520 works is the Mechanical Contractors Association of Central Pennsylvania.

In 2002, the Joint Apprenticeship Training Committee had 130 active apprentices. During each year of the five-year program, apprentices receive 216 hours of classroom training and 2000 hours of work experience including work site mentoring. The 14 classroom instructors are all Local 520 journeyworkers who have completed Instructor Training sponsored by the UA nationally. By the end of their apprenticeship, Local 520 graduates become a licensed plumber, certified in at least one welding area, and having a range of legally required certifications – e.g., in valve repair, backflow prevention, refrigerant recovery, and to deal with medical gases in hospitals.

Costs for the training are covered by a \$0.34 cents per hour payroll deduction – at no cost to the worker or to the public sector. At the beginning of their apprenticeship (as of summer 2002), workers earn \$11.24. At the end, they make the full journeyman rate of \$24.93 per hour, with a \$10.24 per hour benefit package.

Through an articulation agreement with the Harrisburg Area Community College, Local 520 apprentices also receive 30 credits in five years, nearly half way to an Associates Degree. Through distance learning and a video teleconference capability in the union hall, union members can at no cost get the additional credits necessary to complete an Associates Degree in construction management from Washentaw Community College, Ann Arbor, Michigan. They may also continue on to obtain a Bachelor's Degree virtually for free, paying up front but then being reimbursed upon successful completion of each course.

In addition to apprenticeship training, Local 520 provides training each year to about 30 percent of its journeymen, everything from basic math and computer courses to computer-aided design, welding, and the full spectrum of specialized certifications. Often demand for certification training is driven by current employer needs and provides a “just-in-time” component to training that helps avoid skill bottlenecks.

Union business managers and Apprenticeship Training Coordinators are hooked into national networks that help identify emerging trends even before contractors have a need for new skills. In the case of orbital welding, for example, Local 520 bought the necessary equipment – costing as much as \$45,000 for a single machine – shortly before demand was seen in the field.

More generally, the union and joint training fund allows the purchase of new equipment, such as a computer lab and the videoconferencing capability, which carries a high price tag and would be unaffordable for most individual employers. Such equipment keeps training technologically current. It also increasingly cuts costs through distance learning and videoconference delivery of courses from anywhere in the national network of UA training programs.

Recent U.S. Department of Labor figures document the imbalance in apprenticeship training between union and non-union construction firms. In 2001, non-union construction programs in Pennsylvania graduated only one apprentice for every six union apprentice graduates (and only one female or male minority apprentice for every 12 graduated by union programs).

Today’s skill shortages in construction could grow more severe because of anticipated high rates of retirement among skilled construction workers. In response, rather than partner with non-union contractors, WIBs would be better off exploring collaboration with labor-management construction apprenticeship programs. In recent years, the number of women and male minorities entering unionized construction apprenticeship programs has grown sharply; pre-apprenticeship programs to prepare women and minorities to meet apprenticeship entry standards could build on this trend. In addition, increasing numbers of unionized construction workers have some post-secondary education, with many programs offering large subsidies to acquire Associates Degrees or even Bachelors. Helping unionized construction programs market the access they offer to low-cost college – analogous to the marketing done for health care in the Central Pennsylvania region – would be another response to construction industry skill shortages.

Workers associations can also help deliver effective training and peer mentoring, as they do in the unionized construction industry. Some workers may feel safer learning from trainers/mentors who are fellow-workers and through workplace-based approaches as opposed to classroom settings. In addition, the upskilling of the labor force has gone along with an increasing tendency for knowledge to reside in occupational “communities of practice” – groups of people who do a particular kind of work. In many cases, higher-level managers, and even many full-time trainers, may not fully understand the jobs of the workers in occupational groups that report to the managers. Managers and some trainers may therefore be unable to develop or deliver good courses without worker collaboration. Related to this, much of the knowledge workers need is tacit and can only be transmitted through incorporation into the community of practice on the job. Almost all jobs today include dimensions that are only understood by members of the community of practice and therefore will not be taught well unless members of that community are partners in training and mentoring. (For example, while nurse aide work is poorly paid and often thought of as unskilled, registered nurses who did not themselves start as aides may not understand caregiving well enough to teach it effectively.)

Among workforce practitioners in Pennsylvania, awareness exists of the fact that unions can be an asset in building a stronger industry- and employer-linked workforce infrastructure. According to a WIB ED: “The union apprenticeship people get workforce development in a way like nobody else. They are the employers and the trainers in a very real way. They know about lifelong learning. Frankly, employers want apprenticeship programs. It’s the model that they all want. They just don’t want to call it that. They all want to try before they buy. They all want to be able to train people without the fear that they’re going to walk out the door two minutes later for the next highest job. Organized labor gets it and they have been amazing partners and amazing teachers.”

According to a workforce consultant, “If you take a look at the value system, because it comes from a labor perspective, the bottom line is more than just money. Also, the service providers turn to labor for advice as much as they do for employers, because unions represent the shop floor people.”

Allegheny WIB Director Ron Painter pointed to Pittsburgh examples in which construction union training aligns training and higher education, and also promotes economic development. “The IBEW has the first agreement in the country that journeymen here at the end of his or her five years walk away with their journeymen’s card and their Associates Degree from Community College of Allegheny County.” Painter added that: “Seagate has a new facility — the cleanest in the world today — that is a testament to the Steamfitters and the Boilermakers sending their members at their expense back to their school in the strip district to learn how to build a clean room, how to weld it. When a presentation was made to Seagate about coming to Pittsburgh the Boilermakers Union sat there assuring Seagate that there was a labor force in Pittsburgh capable of building what they needed.”

> *Consortia can provide a means of aligning education and workforce development*

A number of policymakers and some practitioners spoke about the lack of alignment between education, both K-12 and post-secondary, and workforce development. Of course, community colleges do deliver a wide range of company-specific training but workers may not obtain credit or advance along a career path for such customized training. What is needed, says Tim McNulty (top economic and workforce development policy advisor to Governor Schweiker before becoming Secretary of Community and Economic Development) is to “bring employers and educational institutions together in a way that is meaningful for the individual. A lot of times they do things together that are not meaningful for the individual. Meaningful in the sense that this curriculum is tied to this employment opportunity and that employment opportunity opens the door for you to continue your educational attainment on a path that you chose.”

Consortia can help achieve this alignment because they provide a level of employer aggregation and institutional capacity necessary for sustained interaction with educators, as in the Plumbers and Pipefitters example.

McNulty looks toward a future that ties K-12, community colleges, and four-year degrees together in terms of curriculum development linked with an actual career pathway. Consortia would bring “the employers together around this concept of a new compact where the employer is shaping the curricula and with that sharing costs when someone is on an employment track with them. That is a little different than how we thought of consortia in 1996. We were thinking much more narrowly and much more around training per se.”

> *Don't subsidize but do transform low-wage strategies*

In the past, workforce programs have on occasion been criticized for training workers for low-wage jobs, such as food service and nurse aide in nursing homes. The danger in these situations is that public dollars could subsidize human resource strategies that create low-wage, dead end jobs, hold down productivity and quality, and waste money through high turnover.

The danger of subsidizing low-wage strategies is recognized in the field. According to one practitioner. “We had been approached by the National Retail Foundation (NRF), which is very proud of the skill standards it has developed, and has a model it thinks can be used to provide the training and get people to the point of being skill certified. I had some employers come in and talk to the folks from the NRF. Everybody thought those skill standards were a great idea but nobody in retail was going to pay anybody who was certified any more than a minimal amount of money than they paid anybody else, nor were they going to offer any full-time work over part-time work.”

In situations such as these, Berks County WIB Director Ed McCann says, the WIB system needs to be willing to ignore employers' pleas for public help. “If you go out to the distribution center, and they say we can't find people, and you say what does that mean in terms of wage levels or career ladders, and their answer is nothing, then somebody is going to have to say we aren't going to put any money in it. Boards understand that.” In Philadelphia, a youth council said no to a major distribution company that wanted to establish a school-to-career program that would not expose students to higher-level distribution industry jobs: “All they were offering our kids was loading and unloading for six months and we said it wasn't good enough. You have to show kids management positions and give them a shot there, too. You have to show a career path to a kid.”

The issue of how to engage with employers offering low-quality jobs is an issue currently with the expansion of Critical Job Training grants to groups of health care employers, including many in long-term care and delivering Mental Health-Mental Retardation services. If these grants provide dollars for training to fill slots opened up by high rates of turnover they risk – at a larger scale – replicating earlier misallocation of resources when low-end nursing home employers received workforce dollars. If, on the other hand, public dollars strategically seek to change human resource practices and work organization in long-term care, MH-MR, and other low-wage industries, that could be a very wise investment.

> *Government money should leverage not substitute for private dollars*

Government dollars should catalyze private action and leverage private dollars rather than simply pay for workforce initiatives that private actors would otherwise pay for anyway. The state's Customized Job Training program recognizes this by requiring that companies can only receive funding for two years in a row and three years out of five. A DCED official explains that this ensures that “we don't become the funding source for these companies' training programs. We are here to help and be a catalyst, that is what the government's role is. We can't fund it all. With the Critical Job Training grants, you are trying to find ways to leverage what is out there. So you are providing a service that become a value-added for companies and a value-added for the state as a whole.”

The First Big Payoff: Taking the High Road

As discussed at the outset of this report, a major challenge for Pennsylvania consists in expanding economic opportunity. According to one regional political leader in Pennsylvania, “We have to raise the water table. We have to have the entry-level jobs be \$14 per hour rather than \$10 per hour. We need more employers with higher-paying jobs.”

To the extent that they succeed in improving organizational practice and productivity, industry-linked workforce intermediaries can increase economic opportunity – they are not simply a way of achieving a more efficient training and job matching system connected to the current opportunity structure.

Why are the most advanced industry intermediaries able to raise productivity? A fundamental reason is that they can promote more rapid generation of new ideas and faster spread of existing ideas. In other words, they make it likely that more employers will take the high road to profitability. Intermediaries promote learning and the high road because they bring managers and other groups together with other people who do similar work in other companies. For most workers, from the entry-level to the WIB ED to the CEO, mixing with other people in the same peer group or “community of practice” is a powerful way to get better at your job. Unlike consultants or managers from a different occupational community, peers speak the same language, wrestle with the same challenges, can provide advice that is easily translated into practice (often because it has already been translated into practice somewhere else).

In Silicon Valley, economic research has recognized that learning within the occupational community of computer programmers – fueled by frequent change of employer and by conversations over drinks in fern bars — underlay regional dynamism. Creating pervasive industry-linked consortia or partnerships seeks to bring this learning and dynamism to other places and industries.

McNulty maintains “An economic environment like the Silicon Valley is very organic — it is like an economic rainforest – because you get that kind of movement between firms. But, in a more traditional setting you don’t get that germination. I think that consortia are a way to get that germination and to get the transfer and to get the best practice across the board. Some of our consortia that were funded by CJT were very successful in that regard.”

The Second Big Payoff: A New Career Infrastructure

New directions in workforce policy also point towards a New Economy career infrastructure that can take the place of the old economy firm-based structure.

At present, many workers, at the entry level and higher lack a career path that provides long-term economic security. By strengthening labor market intermediaries, workforce policy aims at a future in which movement across employers will be less traumatic. Workers generally, not just well-placed professionals, would be embedded within institutional and occupational networks. These would foster learning, deliver portable credentials and experience, and provide information about new jobs and advancement opportunities.

In McNulty’s view, “We will craft some type of new compact... — it needs public investment to really prime long-term private commitment to individuals. The expectation will be that companies will sustain their employees on a long-term basis in not only training but educational attainment.” To encourage this, McNulty sees “a system of tax credits on a state basis or a federal basis where companies are rewarded for providing training, especially as the workforce training has a higher academic content.”

Box 6.**High Tech Cluster Workforce Efforts:
The Digital Greenhouse and Penn State Nanofabrication Lab**

Just as workforce initiatives have begun to orient themselves toward economic development, economic development initiatives have in some cases begun to recognize the importance of workforce development.

Starting in 1999, the state Department of Community and Economic Development has catalyzed the formation of a *Digital Greenhouse* in Pittsburgh. This venture, with an annual budget of \$7-\$8 million, half from the state, aims to sunset by 2004. The goal of the greenhouse is to create jobs using a cluster strategy that targets advanced chip design for consumer electronics, hand-held devices, and wireless technologies. Starting from a base of 12-15 companies, the goal is to end up with 40 companies and to create 1,500 jobs.

Greenhouse staff say that the entrepreneurs they bring together “don’t even think about workforce development, period.” To the extent that the workforce is critical to cluster success, that makes more critical the effort by the Digital Greenhouse to catalyze employers to address workforce issues.

The workforce dimension of the Greenhouse strategy includes “talent recruitment” and education and training. On the first dimension, recruiters for the Greenhouse are now housed at the Technology Council, which expects to serve this function beyond the sunset of the state-funded program. Education and training include the development of two-year Masters programs that address three flaws in traditional engineering education identified by local employers: no experience with “industrial-strength” tools used to design chips in industry; failure to work on “real problems,” and tendency not to work in teams. For employed engineers, a suite of short upgrade courses is being developed.

The *Penn. State Nanofabrication Facility* is one of four such facilities in the nation and houses an investment of \$26 million in equipment and a 20-person engineering. It is a state-of-the-art “user” facility utilized by 60 companies, faculty and graduate students at academic institutions in and beyond Pennsylvania.

In 1998, industry complaints about a shortage of technicians in Pennsylvania led to a decision to use the Nanofabrication facility as an incubator for skills as well as research. Stephen Fonash, facility manager, says “There are plenty of B.S. students, plenty of Master’s students, the hardest thing we face is finding skilled, trained, 2-year technician people.” Six courses in nano-technology have been developed that are offered in the spring, fall, and in a special summer session each year. Thirty different institutions have sent students who must meet specified prerequisites and be recommended by their home institution faculty. A diverse industry advisory committee that includes pharmaceutical, biotech, semiconductor, chemical, and information storage companies helps establish the curriculum. The program had an estimated 120 graduates by summer 2002.

6. CONCLUSION

Leading Pennsylvania workforce regions are at the beginning of an effort to operationalize the idea of system building, based on the use of public dollars to identify institutional gaps in the human capital market and then catalyze employers and other actors to come together to fill these gaps. Practitioners anticipate a major role in plugging these gaps to be played by partnerships (also called consortia or, more generically, intermediaries) linked with key industry clusters and, in some cases, with occupational clusters that cut across leading industries. A central role of these partnerships is to aggregate employer demand, and provide coordination and transparency in the labor market that is often lacking. Also pivotal, these partnerships can serve as incubators for the spread of best practice and the generation of new ideas. For workers, a stronger network of intermediaries could deliver training and advancement opportunities that substitute for the firm-level security in the old economy.

The next four years will be pivotal in terms of whether government, including workforce development practitioners, can lead the building of a Pennsylvania skill-building and career system second to none. With that in mind, this report offers the recommendations below to Pennsylvania's next Governor.

Consensus and Capacity Building

> *Build on the efforts of the Schweiker Administration*

Research shows that, in general, states with the most effective workforce systems tend to be those where there has been bipartisan continuity in policy over an extended period of time (Grubb 1996). In the specific case of Pennsylvania today, workforce practice has made significant strides in the past several years. In the view of one state official, "It has been a learning process for all involved. There is a foundation here that you could build on. If someone comes in and decides to start all over again, they are making a big mistake." While building on past efforts, since system-building has only just begun, the new Governor will have ample opportunity to put his own mark on workforce initiatives.

> *Build a world-class team in key workforce development positions*

Leading an effort to create a learning infrastructure in Pennsylvania requires a conceptual vision and the skills necessary to make that vision a reality. Within the state bureaucracy, this is not a question of new resources, but of mixing new blood with an effort to instill an overarching vision and sense of mission among career professionals. Holding out the carrot of participation in a comprehensive effort to pioneer pathbreaking labor market reforms could enable the new Governor to attract top people to key positions in the Governor's Policy Office and in key Departments.³

> *Promote interagency teamwork on workforce development*

As discussed in the text, many local observers believe a need exists for greater teamwork on workforce development among state agencies. While a number of states have collapsed workforce funding streams into a single agency, the recommendations here include three less drastic steps. First, the new Governor should form an Interagency High Road Economic and Workforce Development Team.

This team would aim to ensure collaboration and alignment across-the-board on economic and workforce issues. Second, the staff for the state WIB should be housed within the Governor's Policy Office and support the Interagency High Road Team as well as reporting to the State WIB. Third, the new Governor should require that the workforce strategic plans and budgets of each Department be reviewed by the State WIB. A fourth option, favored by some local practitioners and by Derek Hathaway, Chair of the State WIB, would be to make the Career Link Bureau within the Department of Labor and Industry accountable to a multi-agency team.

> *Appoint representatives of key intermediaries to local WIBs*

Already in leading WIBs, the goal and, in some cases, the practice has become to seek WIB members who can represent each of the major industry clusters in the regional economy. These individuals will have first-hand knowledge of the types of institutions that should be strengthened in today's labor market. They also have a more legitimate place on a state or regional board, because they will speak in part for key regional industries, not just as a single individual, union, or employer.

> *Promote professional development among workforce staff*

It is widely recognized that some WIBs are ahead of others in terms of reconceiving their roles as system builders. Less widely recognized is that even the most advanced WIBs face major challenges implementing new directions. Statewide, front-line as well as policy staff face major new role shifts as workforce initiatives are reconfigured. To address these issues, Pennsylvania needs modest capacity building initiatives that (a) enable best-practice WIB staff to collaborate with leading WIBs across the country and (b) allow leading WIBs in Pennsylvania to mentor and provide technical assistance to other WIBs. The last component of professional development among workforce staff should be a "Career Link" reinventing government initiative that seeks to find, analyze, and then spread lessons from the Career Links which have the most collaborative relations between management and multiple unions representing staff from different agencies.

> *Fund an expansion in the capacity of unions to engage with workforce partnerships*

Nationally, with support from federal funds, the AFL-CIO's Working for America Institute (WAI) has sought to provide the leadership and technical assistance necessary to expand union interest in joint workforce initiatives. In New York, and several other states, state governments have provided funding to create labor workforce development institutes. These provide technical assistance to unions engaging with workforce issues, help catalyze unions to play leadership roles in forming new partnerships, and conduct policy and evaluation research. One of the rationales for public investment in labor workforce development capacity is that it focuses unions on new/expanded roles in which they can "add value" as well as "values" to the economy – approaches that are win-win-win from the point of view of employers, workers, and the Commonwealth. In light of this, Pennsylvania should establish at least one labor workforce development institute.

> *Launch the give back a week program among business leaders*

One scarce resource in building a stronger learning infrastructure is the time of top business leaders. If CEOs and high level operations managers do not make participation in regional industry training partnerships an organizational priority then prospects for making these partnerships vital and effective diminish substantially. To address this challenge, the new administration could launch the "give back a week per year" program. Via this initiative, business leaders would be asked to engage deeply in industry, community, and state efforts to implement a workforce and economic strategy that expands economic opportunity. Business leaders would be asked to give back a week not to charitable activities divorced from their core business. Instead, most leaders would give back a week to training, technology, or modernization partnerships that help their company improve performance while also creating good jobs.

> *Seed fund a Pennsylvania network of sector practitioners*

In the last several years, the National Network of Sector Practitioners (NNSP) has formed and become a vehicle by which best-practice industry intermediary organizers can learn from one another. A similar

network in Pennsylvania could help expand the capacity in the state that exists for organizing partnerships that can deliver meaningful performance and job improvements. It could be a powerful asset for WIBs as they try to distinguish between truly strategic industry and occupation initiatives and other projects that don't deserve public money. A PNSP would likely be able to access foundation support if the new administration provided modest matching funds.

Research and Planning

- > *Commission an evaluation of Pennsylvania industry partnership*

Many Pennsylvania workforce development consortia have received state or federal funds since 1996. The new Administration should perform an assessment of these efforts, including those funded with Critical Job Training grants, to inform future efforts to encourage partnerships building.⁴

- > *Shift some state discretionary dollars towards support for WIB planning*

One of the recommendations most commonly heard in the field is that WIBs need planning money. Such money could support such activities as cluster analysis, focus groups or surveys of employers and workers, or evaluation of gaps in the training and education infrastructure. In Pennsylvania, leading WIBs such as Three Rivers and Lancaster have been lucky enough to receive substantial foundation support or to win grants from state, federal, and other sources. Most WIBs do not have such resources.

“Growing Faster” Industry and Occupation Cluster Demonstration Projects

Two areas in which local WIBs point to a crying need for funds are the actual building of new intermediaries and incumbent worker training. One local workforce researcher said, no one wants to pay for the door knocking – the painstaking recruitment and organizing necessary to bring and keep employers together to deal with workforce issues. To overcome this gap and to make additional dollars available for incumbent workers, the state should shift workforce dollars toward a new “Growing Faster” initiative that seed-funds and strengthens high road training partnerships linked with key industry or occupational clusters in regional economies.

Rather than requiring new state dollars, Growing Faster could be done through an expansion of the state's Critical Job Training Grant program, creatively mixing different funding streams including foundation dollars. The headaches associated with meeting eligibility requirements for certain funds should be made the responsibility of assigned staff at the state level and key contact persons in each WIB. Beyond meeting non-burdensome reporting requirements, proposal winners should be able to focus on doing what they proposed to do and doing it well.

While state government should expand seed funding for partnerships, it must also be discriminating. Public dollars should not subsidize partnerships of low-wage employers that simply maintain their low-wage, high turnover employment practices. Public dollars should not flow to partnerships of politically connected employers that seek public funding for training that they would have done anyway. Nor should public dollars fund ad-hoc aggregations of education, training, and other organizations that seek public dollars for the separate activities that each organization was planning anyway.

Preference for funding should be given to training partnerships that

- * can demonstrate deep (not on paper) connections to multiple employers,
- * include worker representatives,

- * can show that stakeholders embedded in the relevant industry, occupation, and/or geographical (e.g., managers, worker representatives, and/or occupational specialists), not training entities, control partnership governance,
- * promote higher private sector investment in training, not displacement of private spending by public,
- * promote the spread and improvement of organizational practices that raise the status, skills, and wages of low-wage workers and/or enable workers in low-wage jobs to advance into family-sustaining jobs,
- * have current or planned connections to educational institutions, providing workers with portable credentials including post-secondary degrees in occupational fields
- * connect to technology transfer and modernization initiatives that improve performance,
- * make the employment security of mid-career workers less dependent on the fortunes of a single employer, and
- * develop criteria for evaluating their success and agree to share their assessments with others.

To increase the prospects for using funds well, Pennsylvania should consider using two-stage RFPs, with stage one including technical assistance and small planning grants, and stage two larger grants for what appear to be the most promising projects at the end of stage one. Even for projects that do not receive stage two grants, the planning in the initial stage may lead to valuable learning. In the end, there is no escaping the need for judgement and ethics in the distribution of seed funds – real performance-based contracting. If funds end up being allocated based on political connections and deal-making more than the type of criteria listed above, Pennsylvania will not build a learning infrastructure.

Among an overall Growing Faster initiative, the following should be included.

- > *Regional high road manufacturing training and transition partnerships*

These high road manufacturing partnerships should serve as one component of the next Governor’s Agenda to Revitalize Manufacturing (ARM). These partnerships should identify entry-level and incumbent worker training needs, promote best-practice work organization, and dislocated manufacturing gain reemployment at other regional manufacturing firms if they choose. (ARM should also include capital, technology transfer, and succession planning dimensions, the last so that aging owners of small and medium-sized firms prepare someone else to take the reins.)

- > *An information and technical worker learning infrastructure initiative*

A special program that is aimed at building occupational communities of computer, technical, and “clerical information” workers.

- * There are a large number of good jobs in these occupations.
- * Neither federal programs nor other states have yet defined skills development initiatives that are adequately grounded in an understanding of these jobs, how people learn how to do them well, and of career trajectories in them. Most extant initiatives wrongly assume that computer and technical learning takes place through formal education, rather than through experience and acculturation into the occupational community.⁵ Pennsylvania thus has a real opportunity for groundbreaking policy entrepreneurialism in this area.

- * Third, Pennsylvania’s biggest weakness in educational attainment is the existence of large numbers of workers with no post-secondary education. A technical and information worker project that ensures appropriate credit for work-based learning would work directly on this weakness.
- * Fourth, an information worker project could help Pennsylvania reverse the brain drain. Fostering the growth of information jobs would brand Pennsylvania as of the future rather than the past, but in a way that respects and capitalizes on the work ethic and communitarianism of Pennsylvania’s workers.

An information worker learning infrastructure project should include:

- * Seed-funding demonstration partnerships aimed at strengthening occupational communities of new media and clerical information workers (see Boxes 7 and 8).
 - * Launching new school -to-apprenticeship programs in traditional construction apprenticeships and in information occupations (see the example of New Jersey’s computer applications and computer support apprenticeships) (Box 8).
- > *Partnerships to promote good jobs and good care in caregiving*

In all three main caregiving industries – long-term care, child care, and mental health-mental retardation services — it is likely that strategic state support for partnerships to promote good jobs and good care could be matched with private foundation dollars. In long-term care, for example, Pennsylvania is about to submit a proposal for one of five state \$1.4 million grants (from the Robert Wood Johnson Foundation) to promote Better Jobs and Better Care in long-term care.

- > *Regional high road “magnet hospital” training partnership*

These partnerships should seek to improve organizational practice, jobs, careers, care quality, and cost-effectiveness within Pennsylvania’s acute care industry. Such efforts could draw from the success of Magnet Hospitals in improving nurse retention and otherwise improving improving organizational practice. Union-management regional health care partnerships could also draw from the experience of the Kaiser Permanente Strategic Partnership with its several unions.

Funding Workforce Development

A long-term challenge concerns adequately funding work-related education and training. Two approaches considered in other states should be evaluated in Pennsylvania. The first would use a small increment to Unemployment Insurance taxes to expand training for incumbent workers and for partnership building. The second approach, in place in Rhode Island, provides tax credits for employer contributions to workforce training. In light of the goal of creating a learning infrastructure linked with industry clusters and networks, not just to individual firms, tax credits could be limited to industry contributions to qualifying multi-firm partnerships. The size or access to the tax credit could be conditioned on a set of criteria aimed at ensuring that public subsidies only result when investments will strengthen the economy and improve economic opportunity.

Box 7.
New Media

A recent study by the Economic Policy Institute offers a fascinating insight into learning, job matching, and career stability among “new media” professionals in New York (Batt et. al., 2000). New media is defined as the convergence of existing media with Internet distribution and computer-driven technologies that combine and manipulate text, sound, and images.

The EPI study was based on interviews and a web-based survey of 335 professionals linked with five associations – Alliance for Downtown New York (ADNY), the East Coast Digital Consortium (ECDC), the New York New Media Association (NYMA), Webgrrls, and the World Wide Web Artists Consortium (WWWAC). The respondents to the survey earned an average of \$99,000 per year in 1999, with 54 percent having a college degree. Two thirds are full-time employees and one-third independent contractors and entrepreneurs. These workers must learn the programming languages and authoring tools now used to create digital images and web pages: image editing, video tools, web tools, 2D and 3D tools, and audio tools. Respondents were skilled in an average of 3.5 programming languages and 6.6 authoring tools.

New media work is project-oriented with highly complex skill demands and rapidly changing technology. Like other technical workers, new media workers say they acquired their expertise on their own or through colleagues and friends. Formal education struggles to keep pace with industry change: only one out of seven workers indicated college and university as the most important source for their skills; only one out of six said additional course work was important. New media workers spent 28.6 hours in learning and training per week, almost half of it unpaid. The total included 15.4 hours learning on their own and 11.1 problem-solving with colleagues.

The informal approach to acquiring skills makes recruitment and selection a crap shoot for employers. Employers cannot assess the competence of potential employees or contractors. As one CEO of a web development company said: “resumes have become really insignificant. Interviews don’t tell much. I really don’t know what I’ve got for 30 projects.” People like to hire locally, from people they know and trust.

The informal approach also fails to develop complementary problem-solving skills, interpersonal capacities, and knowledge of customer industries (e.g., financial services). New media workers, especially those who interface with non-technical managers or clients, must combine technical knowledge with an ability to see how their project fits with the bigger picture of business operations. They must not be absorbed only in technical work and disinterested in coordinating with those who rely on their efforts.

The average work week for new media workers is 53 hours long (plus an extra 13.5 hours of unpaid training time). But new media workers only spend half of this time on direct production. The rest is spent finding new work (seven hours), training, client relations (11 hours) and administrative tasks (nine hours). “Thus new media workers spend more time trying to maintain steady employment and future employability than they do working on current projects.” Social networks – friends and colleagues – are the most important source of work, followed by Internet job postings, and professional associations.

Despite relatively high and fast-growing pay, only about half these workers express satisfaction with their pay and 60 percent with their career prospects. Interestingly, the desired career path for these workers is from full-time to contingent status, not the reverse. The oldest and highest-paid professionals were independent contractors or entrepreneurs.

Over seven out of 10 new media workers saw their professional associations as helping them keep up on the market for new media products, services, equipment, and software. Over six out of 10 saw them as providing a community. Nearly six out of 10 said that associations were important in helping them learn about the latest technical advances. Over a third saw associations as important for affecting public policy (75 percent of these workers voted in the 1996 presidential election).

Batt and co-authors recommend as the way forward regional partnerships that strengthen the “community” of new media artists and professionals. “What is needed in new media is a commitment of public sector, professional associations, and private sector actors to make a collaborative model – one that will meet both workforce and employer needs – the center of efforts to build the industry.” This type of collaborative occupational approach could

- foster peer learning and apprenticeship-type arrangements that complement learning through experience (in one model, offered at no-cost or low-cost to San Francisco residents, participants spend 30 hours per week over 16 weeks engaged in all aspects of web development, plus an additional 100 hours in a web internship with a local company; partner companies get priority access to top graduates and customized training for their own staff; see www.medialinksf.org and www.bavc.org);
- create credentials and assessment procedures that validate workers’ command of specific tools and skills;
- organize regional job matching institutions that more efficiently bring together workers who need new projects and businesses that need specific skills;
- set up occupational pension and health benefit funds.

Though some degree of personal contact with clients still helps, much new media work can be done at a distance and coordinated by e-mail, phone, fax. In smaller communities, a functional learning infrastructure might be established with only a modest concentration of new media professionals: 200? Less if they are specialized in a particular area of new media? No one really knows.

Occupational “communities of excellence” might be viable in small cities and even rural areas in Pennsylvania – Reading, Gettysburg, Lewisburg, State College, maybe even St. Mary’s. Local companies and government agencies with significant need for new media might offer internships and agree to source contract work locally as the occupational community builds up. A weekly mini-bus trip to larger metropolitan areas – Pittsburgh, Cleveland, Harrisburg/Lebanon/Carlisle, New York and Washington, D.C. – might help the local occupational cluster solicit and nurture contracting and subcontracting work. It could also be used to hook the local community in with cutting-edge, bigger-city occupational networks.

The benefits could be enormous for the first state that grounds support for new media workers in the realities of the occupation rather than in “old economy” conceptions in which occupational communities are invisible (and learning takes place only within formal education or individual firms). A “new media” project should be one component of an information and technical workers’ initiative in Pennsylvania.

Box 8.**Occupational Approaches to Clerical Information Work**

About one in six American workers, and one in four women, and an even higher fraction of middle-income women, work in the broad, diffuse clerical and administrative occupation (this box is based on Aronson et.al. 1999). In stable bureaucracies, office workers once enjoyed the job stability, if not the economic rewards, of lower and middle managers. In the 1990s, information technology and corporate restructuring eliminated many office jobs. They also destabilized internal job ladders. Restructuring also brought opportunities — demands for new software skills and for administrative and interpersonal ability suited to the “delayed” office.

At present, the United States lacks the institutions necessary to help clerical and administrative workers cope with restructuring. Outside financial services, clerical jobs tend to be a small fraction of the total in any company and industry. Clerical workers are rarely seen as vital to company profitability (this is true even in financial services). Individual companies, and even industry training partnerships, rarely focus on clerical jobs. Unions represent only a tiny fraction of private sector clerical workers. In the public sector, unions of clerical workers have not focused on training and career issues.

Companies as well as workers suffer because of the underdeveloped learning and career infrastructure for clerical workers. When office workers work and learn in isolation from one another, opportunities for mentoring and peer learning are lost. Many of the basic components of office work – setting priorities and getting the critical tasks done, dealing with vendors, planning meetings, managing the boss, mastering generic software, navigating the web – are common to organizations of all types. Professionalizing the occupation and strengthening the infrastructure for learning and career development would generate better outcomes for workers, smoother operations for employers, improved service for customers, and higher performance in the economy as a whole.

There is no right way to strengthen an occupational infrastructure that supports office workers. Examples from Toronto, San Jose, and New Jersey indicate some ways to start. The Toronto initiative began with the explicit recognition that clerical workers were falling between the cracks in the early 1990s Canadian downturn. While experiencing more total job loss than any other major occupation, clericals received almost no support from a Canadian “Industrial Adjustment Service” directed at helping workers in mass (read “factory”) layoffs. A stakeholder committee including representatives of six major clerical employers (Royal Bell of Canada, Bell Canada, and Manpower) documented the “disordered” nature of clerical careers and training. The committee report urged that career paths be constructed across organizations, with training programs leading to portable skills. It also recommended delivery of services to laid-off workers through community-based centers, rather than individual work sites. The first community-based Clerical Workers’ Center opened in 1997, providing career counseling to over 1,000 displaced clerical workers in its first year. A “Training Network” brings together educators and trainers from public and private sectors. The Network is constructing an inventory of course offerings to determine equivalence and transferability to identify gaps in training that impede worker advancement. A recognized weakness in the Toronto effort is the lack of an association of clerical workers that would own and drive the institution-building effort. The Ontario Federation of Labor did, however, commission a manual for union negotiators by the staff director of the original clerical committee report. This manual provides background on the restructuring of the clerical occupation and how unions can negotiate to expand their role in work reorganization, training, and expanding career opportunities.

In New Jersey, the Communication Workers of America has implemented a two-year apprenticeship program for computer applications and computer support specialists. More than a hundred “at-risk” students have entered high school “Transition to Apprenticeship” programs. Apprentices will get the on-the-job portion of their training in libraries and public colleges where the CWA represents employees.

In Silicon Valley, the Temporary Worker Employment Project (TWEP) seeks to reorient the temporary clerical industry in a higher-wage, higher-skill direction. The undertaking includes a non-profit “best practices” temporary agency that now places 20 to 25 workers per week. The agency takes less of a markup than for-profit agencies and pays workers a minimum of \$10 per hour. With foundation support, the agency offers family health care for \$50 per month. The project also supports an association of temporary workers, now with 400 members, including one-third who are not registered with the staffing service. The Membership Association fosters sharing of work experiences and advocates for shifting the entire temporary industry in a higher-wage, higher-skill direction. Temporary agency employees and Membership Association members may take course modules developed in collaboration with Mission Community College. These modules include a basic skills track for welfare-to-work clients, computer training for temporary workers, and “soft skills” workshops participants in the membership association. A final element of the TWEP is the development of an advocacy agenda, including a code of conduct for temporary agencies. The code requires agencies to describe openings truthfully in a written job description, including the anticipated duration of the assignment, first shot at jobs that become permanent, and other provisions. Agencies that endorse the code will be listed in a guide to good temporary agencies, giving them an edge in recruitment.

In an interview, the owner of a temporary agency that serves the Delaware financial services industry pointed to the need for and potential of occupational associations. After noting that no one in the temporary industry develops “soft skills” (because it isn’t profitable), he added:

“What happened the apprenticeships....? Unions had the world by the you-know-whats and they blew it. They put all their attention in the wrong direction. Those apprenticeships are just wonderful. I see all that coming back. It would be a tremendous value in banking...the rebirth of the guild. But in all industries, not just the typical old-boy networks – electricians, carpenters, plumbers.”

7. ENDNOTES

¹ For one critique, see “*Manufacturers Call For Personal, Business Tax Cuts By Eliminating Wasteful, Ineffective Programs*,” Pennsylvania Manufacturers’ Association Press Release, October 2, 2002, on line at http://www.pamanufacturers.org/bulletins/press/press_release_10_2_02a.html

² This paragraph draws from the concluding page of the text of Osterman et. al., 2001.

³ One model for what is recommended here is Connecticut’s transformation of its education bureaucracy into a “learning organization” in the late 1970s and 1980s (Wilson, Darling-Hammond, and Berry, 2000). Two decades later, this reform has borne fruit in the form of Connecticut’s top ranking on most state tests. Connecticut’s reforms were really “workforce development” reforms — professional development in education – relying heavily on mentoring, peer learning, and the creation of a learning occupational community of teachers.

⁴ An evaluation of consortia funded with federal funds is due out shortly. Personal communication with Nancy Hewat, Public Policy Associates. See also Padden and Hewatt 2001.

⁵ A recent National Research Council report underscores the problem and the potential. In various places the report points to the critical importance of work-based learning. At the same time, it’s recommendations are written as if trying not to offend higher education institutions and research scientists, only going so far as to recommend more “internships” linked with acquisition of technical higher-education degrees. A paper by one of the staff members of the NRC study is more straightforward and points to industry-linked training partnerships as one of the most promising approach to fostering information skills.

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