



# Industry Partnerships

FY2014-2015 Annual Report

# Background

Industry Partnerships (IPs) are a key institutional innovation for meeting the skills needs of businesses, the career goals of workers, and the economic development goals of the commonwealth. IPs are a particular kind of "workforce intermediary," a so-called dual customer institution that helps connect and meet the needs of both workers and businesses. Partnerships bring together multiple employers, and workers or worker representatives when appropriate, in the same industry cluster to address common or overlapping human capital needs.

The intended goal of the Industry Partnership program is to encourage highly strategic partnership initiatives that develop cost-effective and financially sustainable means of producing quantitative outcomes by meeting the needs of an industry cluster and its regional workforce. The IP program has the ability to spur job advancement, growth, and creation by prioritizing funds to occupational areas of critical need.

When Pennsylvania created the Industry Partnership program in 2005, commonwealth officials knew there was a vocal employer community seeking better ways to train their workers for their specific needs. They also knew there were incumbent workers needing just that slight edge to move ahead in their careers. However, no one knew the program would ultimately serve as a national sector strategies model for bringing the employer and training communities together. This is due to the strong commitment of the employer and education communities, the general assembly and multiple administrations. [Act 67 of 2011](#), which statutorily enacting the Industry Partnership program, was passed on July 7, 2011.

## How Industry Partnerships Work

Industry Partnerships provide consortium-based, incumbent worker training in [high-priority occupations \(HPOs\)](#). Local Workforce Development Boards (LWDBs) are mandated partners in and serve as the fiscal agent for all IP grants. Multi-LWDB partnerships are permitted; however, one LWDB from the areas being served must act as fiscal agent for the collaborative. In addition to serving as fiscal agent, many LWDBs also serve as the program manager for the IP. Partnerships are also permitted to contract with outside entities to manage the program. Partnerships are required to collaborate with businesses and employers, labor and apprenticeship organizations, industry associations, PA CareerLink®, education community, economic development partners, and human services partners.



Each summer, L&I releases the Industry Partnership Notice of Grant Availability. L&I receives proposals from eligible entities which includes a training plan, budget and budget narrative, expected outcomes, description and history of the partnership, and a plan for sustainability. All

proposals must have input from all required partners listed above. After a thorough review of all proposals, L&I awards IP grantees funds to pursue their proposals and provides technical assistance and guidance throughout the program year.

IPs are required to submit mid-term and annual reports to L&I that capture actual training and cost data, overall impact to workers, employers and system change, and effectiveness of the partnership overall, as well as any challenges and accomplishments the partnership wishes to highlight. Based on mid-term reports, deobligations may take place from those partnerships that show little to no draw down of funds and be awarded to high achieving partnerships. Beginning in FY13-14 Partnerships were asked to record and measure more specific training outcomes, including wage gains, promotions and industry recognized credentials obtained as a direct result of training completion. These additional outcome measurements help to assure that trainings that are supported by IP funding have real time impacts on both participating employers and employees. Annual report data is used to measure statewide program impact and the sharing of best practices among industries. Additionally, IPs are required to enter all participant data into the Commonwealth Workforce Development System (CWDS). This allows L&I to track participant measures such as retention and wage gains.

While the main emphasis of the partnerships is incumbent worker training, IPs also pool additional employer and community funds and use those combined resources to increase employer involvement, educate youth about career opportunities, upgrade worker skills, move workers up a career ladder, and increase knowledge for the betterment of the entire industry. Successful partnerships will address common workforce needs, which may include but are not limited to the following:

- Sharing of information, ideas and challenges common to the industry cluster.
- Identifying the training needs of multiple businesses, including skill gaps and credentials and certifications critical to competitiveness and innovation in the industry cluster.
- Facilitating economies of scale by aggregating training and education needs of multiple employers.
- Assisting educational and training institutions in aligning curricula and programs to industry demand, particularly for HPOs.
- Collaborating with PA CareerLink® Centers, youth councils, business-education partnerships, intermediate units, secondary and postsecondary educational institutions, parents, career counselors and career and technical educations for the purpose of addressing the challenges of connecting disadvantaged adults and youth to careers.
- Developing and expanding school-to-career, work-based learning, and other pipeline initiatives, including apprenticeship and pre-apprenticeship opportunities, internships, co-op programs, and summer jobs.
- Assisting companies in addressing common human resource challenges and implementing best organizational practices that grow more “jobs that pay.” These challenges and practices could be related to employee recruitment and retention, retraining incumbent workers, adopting new technologies, fostering experiential and contextualized on-the-job learning, developing and strengthening career ladders within and across companies, and enabling entry-level workers to improve skills and advance to higher-wage jobs.

# FY14-15 IP Awards

For fiscal year 2014-2015, L&I awarded 20 Industry Partnerships in four industry sectors: Advanced Manufacturing, Energy, Healthcare, and Multi-sector (Agriculture & Energy). Each partnership was awarded \$78,150. FY14-15 partnerships are listed below:

## **ADVANCED MANUFACTURING:**

- Berks County Advanced Materials/Diversified Manufacturing Industry Partnership
- Lancaster County Center for Manufacturing Excellence
- Lehigh Valley Diversified Manufacturing Industry Partnership
- North Central Advanced Manufacturing Industry Partnership
- Northwest Advanced Manufacturing Industry Partnership
- Southeast Regional Advanced Manufacturing Workforce Development Partnership
- South Central Advanced Materials & Diversified Manufacturing Industry Partnership
- Materials Science Industry Partnership of Southwest Pennsylvania
- Tri-County Advanced Manufacturing Industry Partnership
- Westmoreland-Fayette Advanced Manufacturing Industry Partnership

## **ENERGY:**

- Smart Energy Initiative of Southeastern Pennsylvania
- Keystone Utilities Partnership

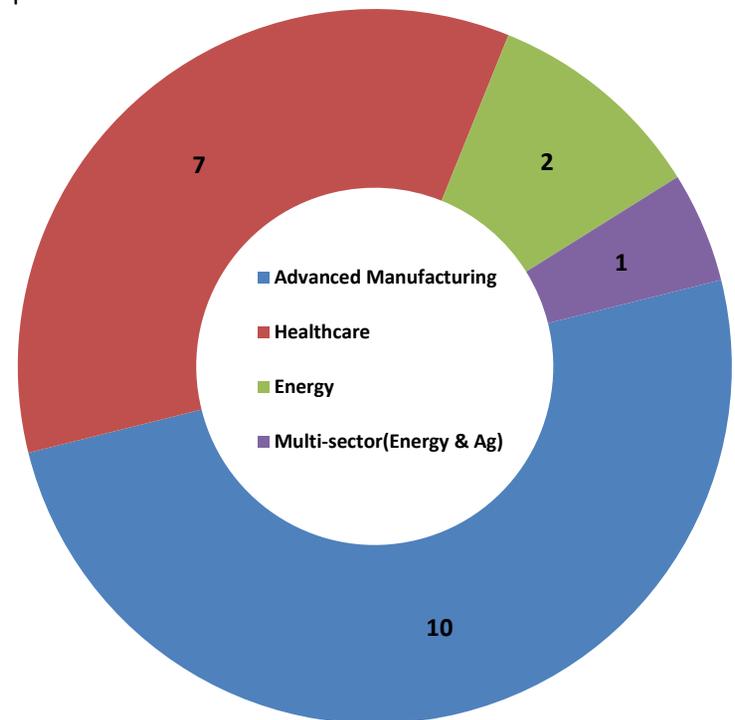
## **HEALTHCARE:**

- Chester County Health Care Industry Partnership
- Southeastern Pennsylvania Healthcare Alliance
- Lehigh Valley Healthcare Industry Partnership
- North Central Healthcare Industry Partnership
- Northeast Regional Healthcare Industry Partnership
- Three Rivers Healthcare Industry Partnership
- Tri-County Healthcare Industry Partnership

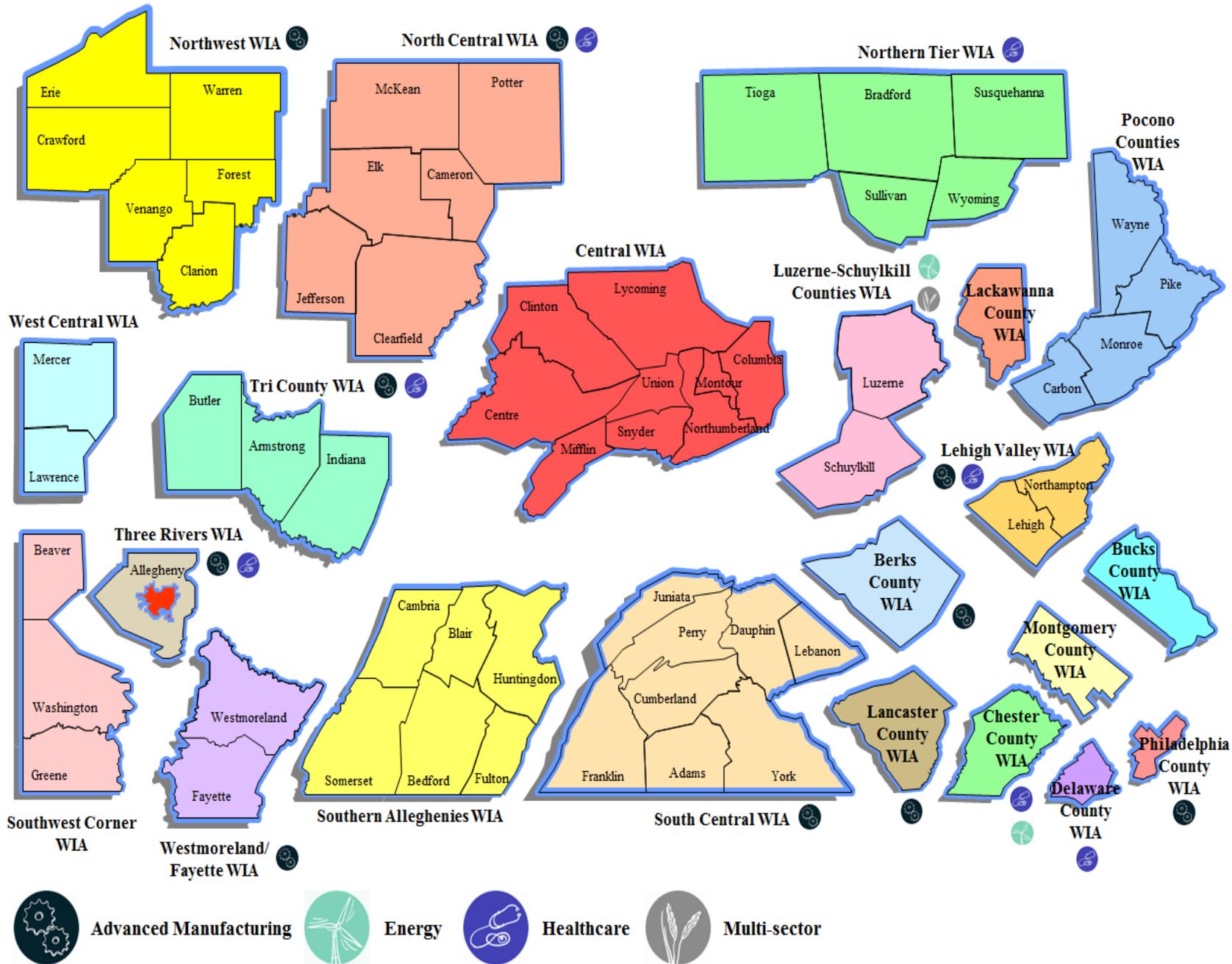
## **MULTI-SECTOR (AGRICULTURE & ENERGY):**

- Northeast Pennsylvania Consortia of Industry Partnerships

### Partnerships by Sector



Additionally, FY14-15 Industry Partnerships are also outlined on the local area map below:



# Year End Outcomes: A Summary of 2014-2015

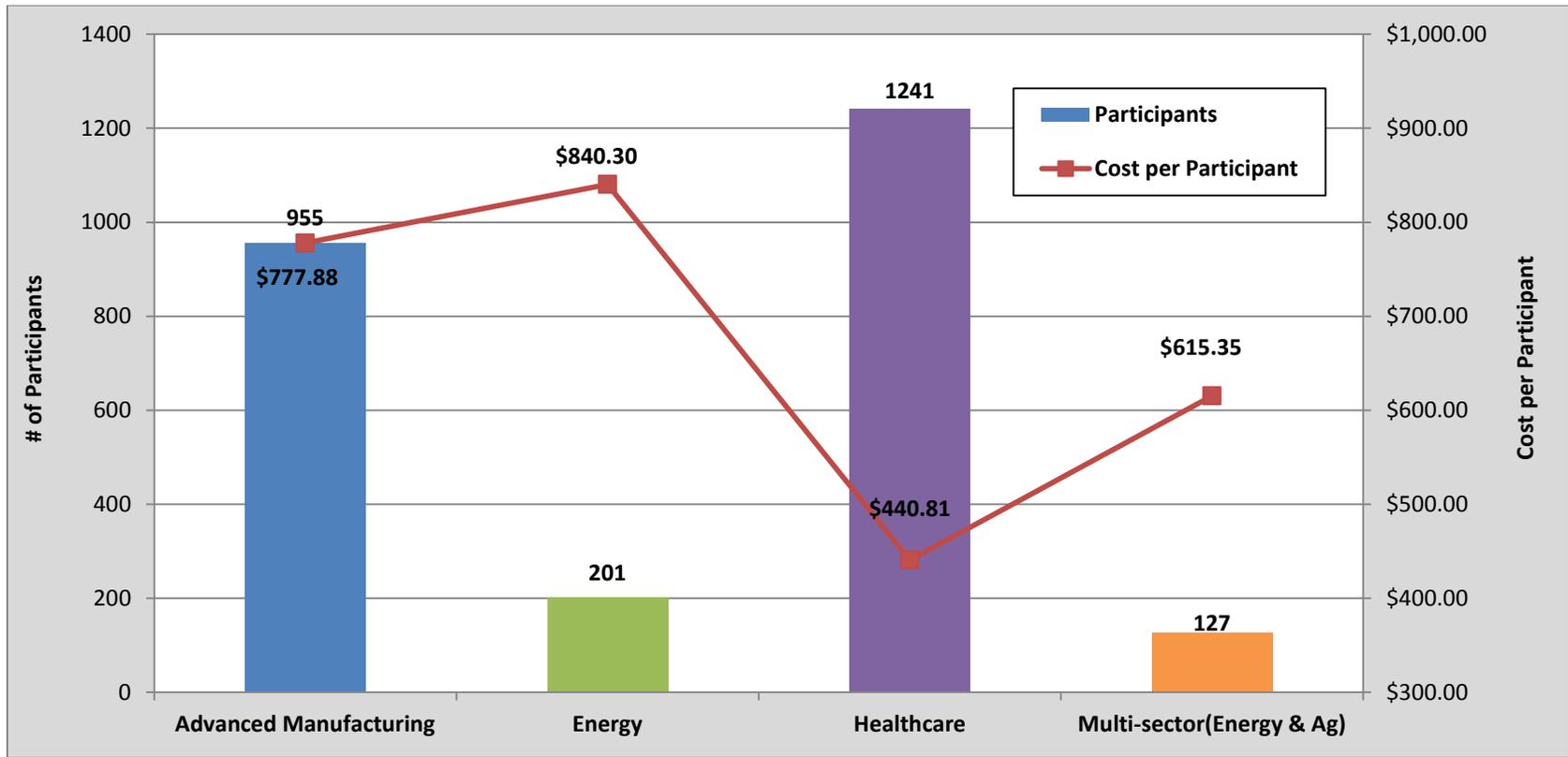
Industry Partnership grant awards totaled \$1,536,978 for FY14-15, supported entirely by the commonwealth funding a line item in the state budget. Trainings for FY14-15, ended on June 30, 2015. Funding was used to train 2,524 incumbent workers in 2,840 trainings from 467 Pennsylvania companies. Industry Partnership membership for the fiscal year totaled over 1,200 partners. Information captured by CWDS on retention and wage gains will be available in the future. The table below outlines overall totals for the fiscal year:

## *FY14-15 OVERALL TOTALS*

<b>FY 2014-2015</b>	<b>Funds Invested</b>	<b># of Partnerships</b>	<b>Total Participants</b>	<b>Total Trainings</b>	<b>Employers Engaged in Training</b>	<b>Total Partners</b>
Advanced Manufacturing	\$742,878	10	955	1,115	268	727
Energy	\$168,900	2	201	236	67	174
Healthcare	\$547,050	7	1,241	1,335	126	285
Multi-sector	\$78,150	1	127	154	6	17
<b>TOTAL</b>	<b>\$1,536,978</b>	<b>20</b>	<b>2,524</b>	<b>2,840</b>	<b>467</b>	<b>1,203</b>

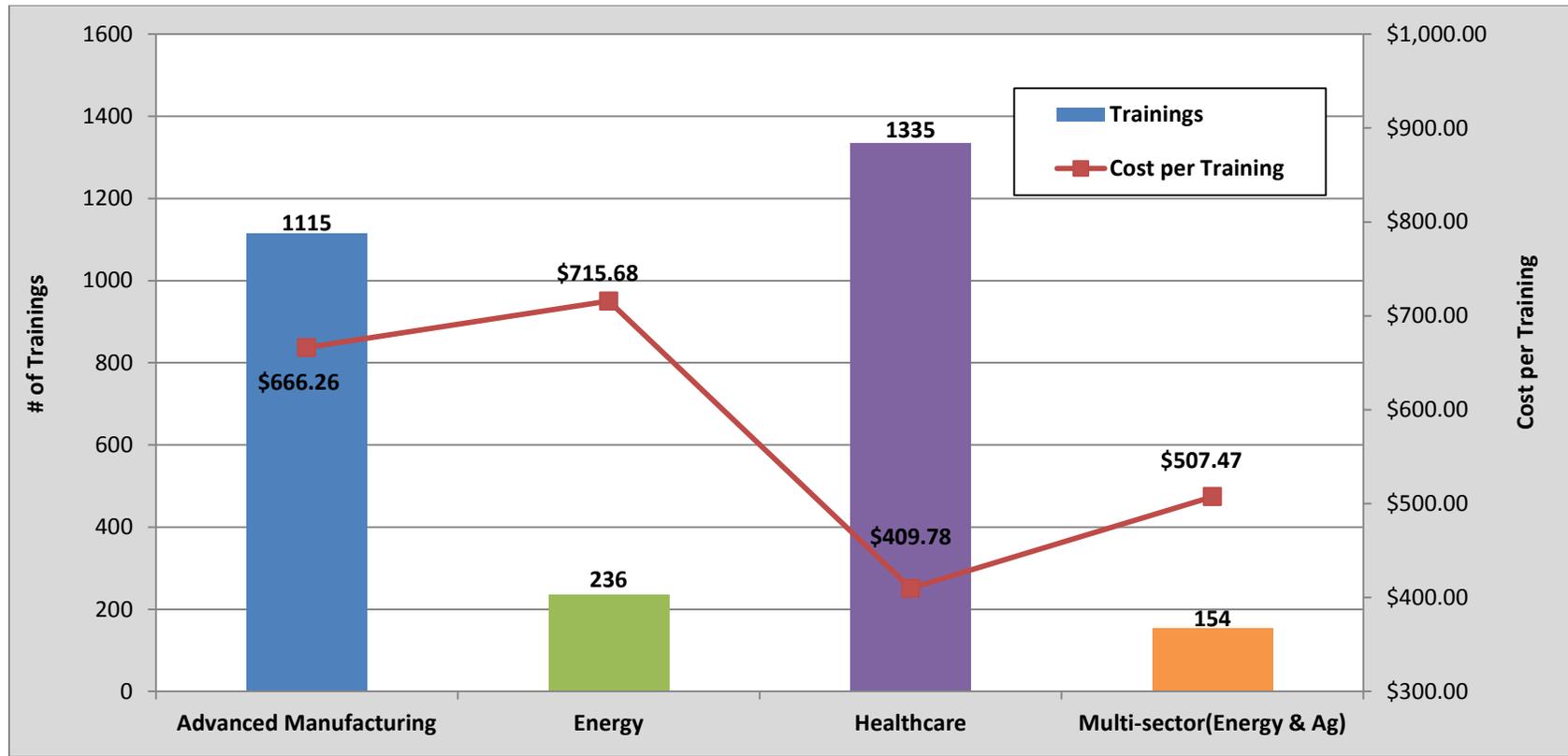
## *FY14-15 COST PER PARTICIPANT*

<b>FY 2014-2015</b>	<b>Funds Invested</b>	<b>Total Participants</b>	<b>Cost per Participant</b>
Advanced Manufacturing	\$742,878	955	\$777.88
Energy	\$168,900	201	\$840.30
Healthcare	\$547,050	1,241	\$440.81
Multi-sector	\$78,150	127	\$615.35
<b>TOTAL</b>	<b>\$1,536,978</b>	<b>2,524</b>	<b>\$608.95</b>



### FY14-15 COST PER TRAINING

FY 2014-2015	Funds Invested	Total Trainings	Cost per Training
Advanced Manufacturing	\$742,878	1,115	\$666.26
Energy	\$168,900	236	\$715.68
Healthcare	\$547,050	1,335	\$409.78
Multi-sector	\$78,150	154	\$507.47
<b>TOTAL</b>	<b>\$1,536,978</b>	<b>2,840</b>	<b>\$541.19</b>



Cost per participant and cost per training are down 85% and 83% respectively since the start of the IP program in FY05-06. While the costs per participant and training have risen in recent years, this can be attributed to reduced funding and higher training costs. The table below outlines costs per participant and training since the beginning of the IP program. Please note that the costs per participant and training vary for many reasons including location, number participating/being trained, and the training provider selected.

Fiscal Year	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Cost per Participant	\$3,889.67	\$1,467.55	\$866.59	\$856.60	\$655.42	\$549.15	\$557.09	\$443.16	\$519.27	\$608.95
Cost per Training	\$3,279.67	\$1,098.96	\$689.83	\$696.35	\$501.70	\$409.49	\$436.00	\$367.38	\$441.15	\$541.19

# Overall Program Outcomes: A Summary of 2004-2015

Through FY14-15, the IP program's 10<sup>th</sup> year in existence, the commonwealth has invested over \$120 million in the program. IPs have trained over 130,000 participants in more than 166,000 trainings. Since FY08-09, IPs have partnered with more than 25,000 employers. IPs have collected more than \$11 million in cash match funds, \$37 million in in-kind match funds, and \$20 million in leveraged funds, over \$68 million to the commonwealth's investment of just under \$35 million since FY09-10. The table below illustrates performance since the start of the program. Please note that the information collected from partnerships has changed over the years. If a box is empty, that information was not yet collected during that fiscal year.

## INDUSTRY PARTNERSHIP PROGRAM TOTALS: 2005-2015

Fiscal Year	Total Funding	Total IPs	Employer Partners	Participants	Trainings	Cost per Participant	Cost per Training	Cash-Match Funds	In-Kind Match Funds	Leveraged Funds
05-06	\$22,000,000	71	-	5,656	6,708	\$3,889.67	\$3,279.67	-	-	-
06-07	\$22,000,000	80	-	14,991	20,019	\$1,467.55	\$1,098.96	-	-	-
07-08	\$22,000,000	90	-	25,387	31,892	\$866.59	\$689.83	-	-	-
08-09	\$20,000,000	68	6,300	23,348	28,721	\$856.60	\$696.35	-	-	-
09-10	\$11,500,000	76	4,049	17,546	22,922	\$655.42	\$501.70	2,875,000	\$8,625,000	\$2,575,000
10-11	\$11,200,000	71	4,211	20,395	27,351	\$549.15	\$409.49	3,458,582	\$11,619,949	\$6,850,000
11-12	\$5,453,950	39	2,517	9,790	12,509	\$557.09	\$436.00	\$1,566,100	\$6,604,756	\$3,300,000
12-13	\$3,515,109	35	5,619	7,932	9,568	\$443.16	\$367.38	\$1,427,450	\$5,096,648	\$2,622,339
13-14	\$1,563,000	20	1,393	3,010	3,543	\$519.27	\$441.15	\$860,302	\$2,408,272	\$2,477,586
14-15	\$1,536,978	20	1,203	2,524	2,840	\$608.95	\$541.19	\$869,721	\$2,769,894	\$2,485,689
<b>TOTAL</b>	<b>\$120,769,037</b>	<b>570</b>	<b>25,292</b>	<b>130,579</b>	<b>166,073</b>	<b>\$924.87</b>	<b>\$727.20</b>	<b>\$11,057,155</b>	<b>\$37,124,520</b>	<b>\$20,310,614</b>

# Matching and Leveraged Funding

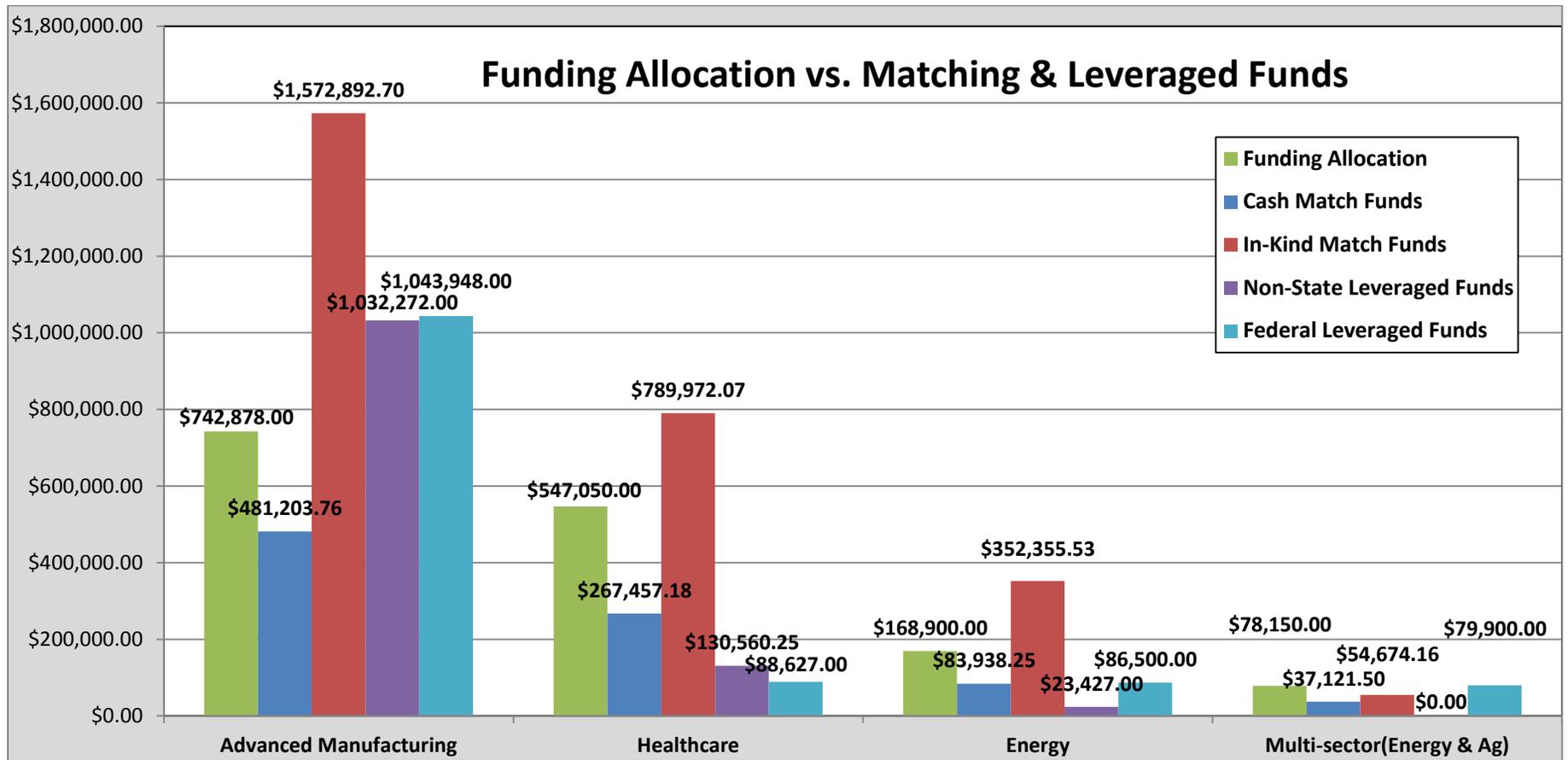
In addition to funds received from the commonwealth, each IP is required to provide private sector matching funds for training. Matching funds are required at a \$1-to-\$1 ratio of which a minimum of 25 percent must be cash. Sources of non-cash matching funds include in-kind contributions from employers such as paid release time for workers to participate in training, contributions of training space, equipment and training personnel, and consulting services. In FY14-15, the 20 partnerships collected \$869,720.69 in cash match funds (53.89%) and \$2,769,894.46 in in-kind contributions (180.22%). Overall, partnerships provided a total of \$3,639,615.15 private sector matching funds, far exceeding the \$1:1 requirement.

FY 2014-2015	Advanced Manufacturing	Energy	Healthcare	Multi-sector	Total
Cash Match Funds	\$481,203.76	\$83,938.25	\$267,457.18	\$37,121.50	<b>\$869,720.69</b>
In-Kind Match Funds	\$1,572,893.70	\$352,355.53	\$789,972.07	\$54,674.16	<b>\$2,769,894.46</b>
<b>Total Match Funds</b>	<b>\$2,054,096.46</b>	<b>\$436,293.78</b>	<b>\$1,057,429.25</b>	<b>\$91,795.66</b>	<b>\$3,639,615.15</b>

Additionally, partnerships are encouraged to leverage resources from other public/private workforce development programs, foundations, PA CareerLink<sup>®</sup> and economic development programs, such as WEDnetPA. Leveraged funds have not replaced the state funded grant awards. In many cases, these funds do not go directly to the industry partnerships or the employers. They are funds secured for other projects beyond the scope of the state's investment. Over the course of the year, partnerships leveraged \$1,186,259.25 in non-state funding and \$1,298,975.00 in federal grants funding, a total of \$2,485,234.25.

FY 2014-2015	Advanced Manufacturing	Energy	Healthcare	Multi-sector	Total
Non-state Leveraged Funds	\$1,032,272	\$23,427	\$130,560.25	\$0	<b>\$1,186,259.25</b>
Federal Grants Leveraged Funds	\$1,043,948	\$86,500	\$88,627	\$79,900	<b>\$1,298,975</b>
<b>Total Leveraged Funds</b>	<b>\$2,076,675</b>	<b>\$109,927</b>	<b>\$219,187.25</b>	<b>\$79,900</b>	<b>\$2,485,689.25</b>

Overall, through a \$1,536,978 investment in Industry Partnership funding, the commonwealth was able to leverage an additional \$6,124,849.40 in funding and services. This is outlined in the graph below by industry sector.



## Sustainability: The Future

The IP program is recognized and utilized statewide, yet it continues to face challenges with each passing fiscal year. The biggest challenge facing the program is one of sustainability, particularly with decreases in the IP state line item and the elimination of Federal funding used to supplement state funding. In a slow growth economy, a partnership's ability to involve the employer community and build a sustainable program is going to be the key to extending their reach.

L&I has placed increased emphasis on the need for partnerships to establish sustainability funds. While putting funds into a sustainability fund is not required, each partnership must, at minimum, provide the commonwealth with a plan for sustainability. Partnerships are required to utilize the required 25 percent cash match funds collected to directly support/offset costs of training programs provided within the current grant

timeline. Sustainability funds that were collected above the required percentage were able to be used for additional initiatives or program management as deemed appropriate by the membership. In response to this requirement a total of \$1,721,493.68 in sustainability funds were collected from all 20 partnerships, an average of \$86,075 for each IP. IPs collected more than 100 percent sustainability match (\$1.721 million) of the total awarded funds for the fiscal year (\$1.536 million).

FY 2014-2015	Advanced Manufacturing	Energy	Healthcare	Multi-sector	Total
Sustainability Funds	\$1,196,061.15	\$102,064.00	\$387,542.07	\$35,826.46	<b>\$1,721,493.68</b>

## FY14-15 Return on Investment

Overall, through a \$1,536,978 investment in Industry Partnership funding, the commonwealth was able to leverage an additional \$3,639,615.15 in funding and services from matching funds, \$2,485,689.25 in leveraged funds, and \$1,721,493.68 in sustainability funds for a total of \$7,846,798.08. This information is outlined in the table below:

FY 2014-2015	Funds Invested	Matching Funds	Leveraged Funds	Sustainability Funds
Advanced Manufacturing	\$742,878	\$2,054,096.46	\$2,076,675	\$1,196,061.15
Energy	\$168,900	\$436,293.78	\$109,927	\$102,064.00
Healthcare	\$547,050	\$1,057,429.25	\$219,187.25	\$387,542.07
Multi-sector	\$78,150	\$91,795.66	\$79,900	\$35,826.46
<b>TOTAL</b>	<b>\$1,536,978</b>	<b>\$3,639,615.15</b>	<b>\$2,485,689.25</b>	<b>\$1,721,493.68</b>

## Contact Information

For any information on the Industry Partnership program, please contact Michael Leister, Director of Partnership Development at the Pennsylvania Workforce Development Board, at [mileister@pa.gov](mailto:mileister@pa.gov) or 717-705-7650.