Federal Support for Effective Practices at Every Stage of the Business Life Cycle

A Briefing Presented by the Northeast-Midwest Institute and the National Call to Action

February 25, 2015
Tested and Effective Solutions Exist for Risks Faced by Businesses in the Northeast and Midwest

We know how to revitalize troubled firms – a major concern for the Northeast and Midwest.

We know how to close the skill gap and expand the workforce pipeline – another major concern for the Northeast and Midwest.

Due to skills gap, an average manufacturing firm stands to lose...

- 11% of its annual earnings (EBITDA)
- OR
- $4.6 million annually
- OR
- $3,000 per non-management employee

Source: 2014 Manufacturing Institute and Accenture Study
Top Ten States: Manufacturing Employment

- Top 10 ten states in the U.S. in terms of manufacturing employment:
  - Over half of all U.S. manufacturing jobs in 2014
  - Nearly 60 percent of the net 5 million U.S. manufacturing job losses since 2000
  - Seven of these 10 are in NEMW region: OH, IL, MI, PA, IN, WI, NY

Source: U.S. Bureau of Labor Statistics
NEMW Region Manufacturing Employment 2000-2014

Manufacturing Employment—NEMW States*
(Thousands of employees)

Source: BLS Current Employment Statistics

* Seasonally Adjusted (December)
# NEMW Coal & Defense Communities

## Coal Communities

NEMW states with large coal mine production outputs (2013):
- Illinois
- Pennsylvania
- Indiana
- Ohio
- Maryland

Source: U.S. Energy Information Administration

## Defense Dependent Communities

NEMW states with relatively large defense dependencies (2011):
- Maryland (7th)
- Connecticut (13th)
- Maine (15th)
- Massachusetts (20th)

Source: Bloomberg Government
Ken Messina
Rapid Response Business Service Manager
Massachusetts’ Executive Office of Labor and Workforce Development
Mass BizWorks

Connecting business to state and federal resources to meet business needs

www.mass.gov/bizworks
The Expanding Business Engagement (EBE) Initiative was a federal initiative commenced in June 2012 and involved thirteen states. States that participated in the initiative focused on the goal of improving program performance through the delivery of enhanced business-focused services stemming from a statewide business engagement strategic plan.

States that participated in the EBE Initiative:
- Colorado
- Florida
- Indiana
- Maryland
- Massachusetts
- Minnesota
- Mississippi
- Montana
- New Jersey
- North Carolina
- Ohio
- Oklahoma
- South Carolina
Mass BizWorks

Flow Chart

Expanding Business Engagement

Expanding Business Engagement (EBE)

EBE Advisory Committee

1st Regional Meeting
West/Central Regions

2nd Regional Meeting
Boston/Southeast

3rd Regional Meeting
Metro Southwest/Metro North/ Northeast

Marketing, Communication, Social Media COMMITTEE

Staff Training/Development COMMITTEE

Database/Metrics/Tracking COMMITTEE

Business Focus Group
Metro Southwest/Central Regions

Business Focus Group
Boston/Southeast Regions

Business Focus Group
Metro Southeast/Metro North/Northeast Regions

Greater Boston Regional Operations Team

Northeast Regional Operations Team

Southeast Regional Operations Team

Central Regional Operations Team

Western Regional Operations Team

Coordinated, real-time sharing of information and results

Regional Meeting Participants, Committee Members & Regional Teams consist of: Workforce Investment Board, Executive Directors, Career Center Directors, Career Center Operations Managers, Career Center Business Service Representatives, Rapid Response Coordinators, Education Staff, AFLCIO Political Director, AFLCIO Regional Staff, MA Office of Business Development Regional Staff, Department of Career Services Staff
Mass BizWorks
Providing Services Throughout the Business Cycle
MassBizWorks is funded by the Expanding Business Engagement (EBE) Initiative, a state and federal collaboration designed to enhance and align the services offered to Massachusetts businesses by partner agencies and organizations.
Jack Mills
Director
National Network of Sector Partners
Insight Center for Community Economic Development
What is a Sector Initiative?

• **Goal**: sustain industry sectors that are important for a region, help them grow, meet workforce needs, and support good jobs.

• **Recognized** in WIOA, by DOL, and by other agencies as a priority approach for closing the skill gap.

• Shown to be **effective** in expanding the workforce pipeline by overcoming employment disparities

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**Key Characteristics**

1. Intensive focus on an industry in a regional labor market, & employers in the industry, over a sustained time.

2. Led by a workforce intermediary with industry credibility.

3. Create pathways for low wage workers into the industry, and up to good jobs and careers

4. Achieve systemic and “win-win” changes for employers, workers, and the community.
What is a Sector Initiative?

Examples show that sector initiatives provide great Return on Investment (ROI) for businesses, jobseekers, workers, and taxpayers:

- ManufacturingWorks, Chicago: From 7/13-7/14, served 44 employers and achieved 1.87:1 hire ratio, saving time and $$. Achieved 187 very diverse hires.

- JOIN, Philadelphia: A recent evaluation showed that ROI for businesses was 407-469%, for workers was 193-264% short-term/141-376% long-term, and 429-717% for the public.

- Workforce1 Industrial and Transportation Career Center, NYC: increased earnings by $5,800 (53%); $9,017 with industry-focused training. Participants benefit regardless of their characteristics at enrollment or prior work history.

- WRTP/BIG STEP, Milwaukee: Expanded the city’s pipeline with pre-apprenticeships as diverse as Milwaukee’s population. One of three initiatives a random assignment evaluation showed to achieve 29% better earnings.
Tom Croft
Executive Director
Steel Valley Authority
What is Layoff Aversion?

• **Saving jobs and businesses.** Layoff aversion is business retention or turning around at-risk companies.

• **LA can be funded through WIA Rapid Response.** But there needs to be broader mainstreaming, more states adopting, with better guidance around standards and cost-metrics applied by the US DOL.

• **The Steel Valley Authority (SVA) has grown a state-wide best practice model, and assisted 10-15 states.** Other states & WIBs have established programs.

• **Mainstreaming and strengthening layoff aversion** has the potential for states and local communities to save tens of 1000s of jobs, stabilize at-risk SMEs and preserve $100s of millions in avoided UI benefits and welfare transfers.
Strategic Early Warning Network (SEWN)

Saving Pennsylvania Jobs, One Company at a Time.

SEWN saves Pennsylvania manufacturing jobs and communities by offering layoff aversion services to stabilize, restructure, turnaround, or attract buyers for at-risk small- to medium-sized companies.

SEWN’s professional and consulting turnaround services are provided to manufacturers free of charge.

SEWN serves all 67 counties of the Commonwealth, with offices in the Pittsburgh, Harrisburg, Wilkes-Barre and Philadelphia areas.
SVA’s SEWN Program: The National Gold Standard

• The SVA’s Strategic Early Warning Network (SEWN) provides free layoff aversion services to stabilize, restructure, turnaround or attract buyers for at-risk SMEs. SEWN has four offices and budget slightly over $1 million.

• Over 20 years, SEWN has assisted 1,000 firms, averting or deferring the loss of over 20,000 jobs, becoming a national leader among the states. In PY2013-14, SEWN saved 1,111 jobs, assisted 83 firms in 22 counties.

• SEWN is the most cost-effective jobs-saving program nationally, saving 5,300 jobs and preserving $34.8 million in avoided unemployment over 5 years at $965 per job saved on average. The total direct, indirect and induced jobs add up to 6,093 Pennsylvania jobs in PY2013-14.

• SEWN produced $278 million in labor income and added $637 million in total value to the Commonwealth during this time. The jobs saved resulted in over $54 million in state and local tax revenue and more than $78 million in federal tax revenue for PY2013-14.

(Source: PA DLI CWIA).
Shared Work to Avert Layoffs

- **Shared Work/Workshare Programs**, available in more than half the states, saved 460,000 jobs in 17 states from 2008-12, according to DOL.

- A national shared work program in **Germany helped keep their unemployment rate in the 5% range** over the recession, compared to 7-8% in the U.S., according to Economist Dean Baker.

- Shared work provides an efficient, systematic “fix” during a downturn: the shared work provision allows the state to pay a portion of a workers’ wage, usually one day’s pay, from the UI compensation pool, easing the burden until downturn passes.
There are many other solutions…

• **RETAIN**
  - Succession Planning
  - Industry Modernization
  - Shared Work/Workshare
  - Incumbent Worker Training

• **RESTORE**
  - Rapid Response & Early Intervention
  - Manufacturing Renaissance high schools and pathways to manufacturing
  - Trade Certification

• **CREATE**
  - Green Jobs, Green Economy
  - Training Initiatives
  - Worker Centers
  - New Co-op Development
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NORTHEAST-MIDWEST INSTITUTE

BEN SEIGEL
EMPLOYMENT & TRAINING ADMINISTRATION

FEBRUARY 25, 2015
2,500 American Job Centers Nationwide
793 in Northeast-Midwest States
America Job Center Services to Businesses

- Workforce information
- Post job openings
  - Job description writing
  - Review applicants’ résumés
  - Space to conduct interviews
  - Pre-screen job applicants
  - Assess applicants’ skills
  - Refer job-ready candidates
- Organize job fairs
- Customized and on-the-job training

Online Resources: [www.careeronestop.org/BusinessCenter](http://www.careeronestop.org/BusinessCenter)

Expanding Business Engagement: [businessengagement.workforce3one.org/](http://businessengagement.workforce3one.org/)
Additional Business Services for Maintenance, Decline Cycles

- Rapid Response
- National Emergency Grants
- Short-Time Compensation
  (Participating States: IA, MA, MD, MN, NH, NY, PA, VT)
Sector Strategies

- Sector Strategies Technical Assistance Initiative

- Focused on increasing sector strategies in the workforce system at local, state, regional levels

- Boston Event, Apr 4-5: Supporting Sector Strategies
  [http://www.cvent.com/d/r4qfq1](http://www.cvent.com/d/r4qfq1)

- TA Case Study Sites
Job-Driven Training Initiative

- Job-Driven Checklist: employer-driven, work-based learning models
- Interagency Collaborations, Skills Working Group
- Center for Workforce & Industry Partnerships
- Upskilling
- Registered Apprenticeship
  State Apprenticeship Agencies: CT, DE, MA, MD, ME, MN, NY, OH, PA, RI, VT, WI
State/local boards are responsible for activities to meet workforce needs of local and regional employers.

State/local boards will promote use of industry and sector partnerships to address workforce needs of multiple employers within an industry.

Local areas can use funds for proven strategies, including incumbent worker training, Registered Apprenticeship, transitional jobs, on-the-job training, and customized training.

Increased reimbursement rates for employers for on-the-job and customized training. Increased flexibility for incumbent worker training.
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Bryan Borlik

Director, Performance and National Programs
EDA’S VISION

• Lead the federal economic development agenda through integration to:
  • Create high growth, competitive regions of innovation
  • Improve the return on federal investments
  • Achieve better outcomes for regions and communities.

Improved quality of life
Creating the conditions for economic growth.

- Focus on capacity building
- Reducing private investment risk
- Maximizing the productivity of local resources
- Improving economic development policy at all levels.
HIERARCHY OF NEEDS

Basic Infrastructure

Transportation Utilities
HIERARCHY OF NEEDS

- Basic Infrastructure
- Technology Infrastructure
  - Broadband
  - Cellular
  - Wireless
- Transportation Utilities
HIERARCHY OF NEEDS

Business Support

Technology Infrastructure

Basic Infrastructure

Incubators
Accelerators
Policies
Capital

Transportation Utilities

Broadband
Cellular
Wireless

Basic Infrastructure

Technology Infrastructure

Business Support

Incubators Accelerators Policies Capital

Transportation Utilities

Broadband Cellular Wireless
HIERARCHY OF NEEDS

Engines of Innovation

Business Support

Technology Infrastructure

Basic Infrastructure

Universities / R&D
Commercialization
Capital Policies

Incubators
Accelerators
Policies
Capital

Transportation Utilities

Broadband
Cellular Wireless
HIERARCHY OF NEEDS

- Connected Ecosystem
  - Universities / R&D
  - Commercialization
  - Capital
  - Policies

- Engines of Innovation
  - Incubators
  - Accelerators
  - Policies
  - Capital

- Business Support
  - Transportation
  - Utilities

- Technology Infrastructure

- Basic Infrastructure
HIERARCHY OF NEEDS

Connected Ecosystem

Engines of Innovation

Business Support

Technology Infrastructure

Basic Infrastructure

Innovators
Accelerators
Policies
Capital

Universities / R&D
Commercialization
Capital
Policies

Broadband
Cellular
Wireless

Transportation
Utilities

CULTURE
• President’s FY16 Budget Request
• $273 million for EDA, including:
  • $39 million for Planning
  • $53 million for Economic Adjustment Assistance
  • $25 million for Regional Innovation Strategies
• Total $15M
• COMPETES funding = no distress required
• 2014 grant closed Nov 3
  • i6: Proof of Concept and Commercialization Centers
  • Feasibility and planning for Science and Research Parks
  • Cluster-Base Seed Funds
• Award announcement coming March 2015
• Partnership for Workforce and Economic Revitalization (POWER) Initiative

• Stronger emphasis on EDA’s Comprehensive Economic Development Strategy (CEDS) process to better integrate federal economic development resources

• Resurgence of manufacturing
Bryan Borlik

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